

DANCING WATERS

HOMEOWNER'S ASSOCIATION

DECLARATION

of

PROTECTIVE COVENANTS & BY-LAWS



DANCING WATERS HOMEOWNER'S ASSOCIATION

DANCING WATERS HOMES

BLUE EARTH COUNTY, MANKATO, MINNESOTA

DISCLOSURE STATEMENT

The	undersigned	("Declarant") does	hereby	fully ("Pı	disclose urchaser(s)",	and whe	•	vide one	to or
more) the	following:								

1. Name:

Dancing Waters Homes

2. Name and Principal Address of Declarant.

OWN Ovation LLC, 4608 Eastwood Court, Madison Lake, MN 56063

3. Type of Community and Number of Lots/Dwellings.

Dancing Waters Homes (the "Community") is a homeowner's association and may be composed of up to Ninety (90) lots/dwelling.

4. General Description of Community.

The Community will be composed initially of Forty-nine (49) single family residential lots. The Declarant plans to add up to Forty (40) additional single family residential lots to the initial Forty-nine (49) lots by the spring of 2020. There will be public streets located at Dancing Waters Drive, Dancing Waters Circle, Shalom Avenue, and Glenn Avenue, Mankato, MN 56001. The Community will have water, sewer, natural gas, electric and telephone mains in and/or parallel with the described public streets and/or in the easement areas as shown/described on the Plat.

All of Block 5 Lots 1-18 are slab on grade dwellings only (the "Standard Dwellings"). Each lot will be separately metered for utility services to the lot. All remaining lots located in Blocks 2-4 have the option to have basements (the "Standard Dwellings w/ Basement Option").

5. Construction Schedule.

Construction of Phase I began in the spring of 2015 and the initial dwellings and landscaping & plantings for the dwellings/lots is expected to commence summer 2015 and is expected be completed between the spring of 2018 and 2020. If sales of Phase I dwellings meet Declarant's expectations, then Phase II construction of the additional lots will commence upon substantial completion of Phase I, and is expected to take three to five years to complete. The total lots/dwellings for Phase I and Phase II shall not exceed 90.

6. Declarant Expenses.

Declarant is presently unaware of any supplies and services which are not reflected in the estimated annual operating budget which the Declarant itself provides, or of any expenses which it pays and which it expects may become at any subsequent time a Common Expense of the Association. Accordingly, there is no projected Common Expense assessment of which Declarant at this time is aware which would be attributable to any such supplies or services.

Declarant has established an alternate common expense plan. Specifically, notwithstanding anything to the contrary in Section 6 of the Declaration, if a Common Expense assessment has been levied, any Lot owned by Declarant for initial sale shall be assessed only if it contains a completed Dwelling for which a certificate of occupancy has been issued. Other Lots owned by Declarant shall not be assessed, nor shall Declarant be responsible for a proportionate payment of Common Expenses. There are no assurances that this alternate common expense plan will have no effect on the level of services for items set forth in the Association's budget.

7. Working Capital Reserve Payment Due From Purchaser to Association at Closing.

At the closing, Purchaser will pay to the Association an assessment for working capital in an amount equal to two (2) months projected Common Expense assessments for the lot/dwelling purchased. Such assessment is to be used to provide a working capital reserve fund for the Association. The assessment is neither refundable, nor is it to be considered an advance payment of monthly assessments. The estimate of the monthly Common Expenses assessable to the lot/dwelling Purchaser is buying and the working capital assessment required by the Purchase Agreement is detailed in the documentation annexed hereto. Also, Purchaser shall pay to the Association at closing the full Common Expense assessment for the month succeeding the closing by ACH monthly payments or for the full year if payment by check/cash. In addition, the Purchaser shall pay the Association at closing \$100 fee to create a new Member account.

8. Liens, Defects or Encumbrances Affecting Title to Community after Conveyance.

The following are the liens, defects or encumbrances on or affecting the title to the unit or property owned by the Association after the contemplated conveyance by Declarant to Purchaser:

- (a) Reservation of any minerals or mineral rights to the State of Minnesota;
- (b) Requirements, restrictions, easements, conditions, obligations, covenants and reservations contained in the Declaration, Bylaws and plat of record, and any amendments thereto;
- (c) Building, housing and zoning laws, codes, ordinances and regulations federal, state and local;
- (d) Lien of real estate taxes and installments of special assessments (including interest) payable therewith in the year of the closing and in subsequent years;
- (e) Any mortgage given by Purchaser and encumbering the lot together with its undivided interest in the Common Area;
- (f) Easements for drainage and utilities shown on the recorded plat;

9. Financing Offered by Declarant.

The Declarant does not offer financing in connection with the contemplated conveyance by Declarant to Purchaser.

10. Project Approvals.

The Declarant has not applied for project approvals from the following: Federal National Mortgage Association (FNMA); the Federal Housing Administration (FHA), an agency of the Department of Housing and Urban Development; Federal Home Loan Mortgage Corporation (FHLMC); and Department of Veterans Affairs (VA).

11. Terms of Warranties Provided by Declarant and Statutory Warranties.

Declarant makes no representations or warranties with respect to the expected useful lives of any of the structural components and mechanical and electrical installations material to the use and enjoyment of the Community.

12. Receipt/Provision of Disclosure Statement and Cancellation.

Declarant hereby advises Purchaser that:

- (a) Within five (5) days after receipt of this Disclosure Statement, Purchaser may, prior to conveyance, cancel by written cancellation the Purchase Agreement Purchaser has entered into with Declarant;
- (b) If Purchaser receives the Disclosure Statement more than five (5) days before Purchaser signs a Purchase Agreement, Purchaser cannot cancel the Purchase Agreement; and

13. Judgments or Pending Suits against the Association.

Declarant, to the best of its knowledge, after reasonable inquiry, is unaware of any unsatisfied judgments or lawsuits to which the Association is a party, or of any pending suits which are material to the Community or the Lot being purchased by Purchaser.

14. Description of Insurance Coverage.

<u>General</u>. Any insurance the Association obtains and/or maintains shall be issued by a reputable insurance company or companies authorized to do business in the State of Minnesota.

<u>Comprehensive Public Liability Insurance</u>. The Association shall maintain at a minimum, comprehensive public liability insurance covering the use, operation and maintenance of the Common Areas, with minimum limits of \$1,000,000 per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. 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. The policy shall include such additional endorsements, coverages and limits with respect to such hazards as may be required by the regulations of the FHA or FNMA as a precondition to their insuring purchasing or financing a mortgage on a Lot.

<u>Fidelity Bond</u>. If deemed advisable by the Board or if regulations of the FHA or FNMA as a precondition to the purchase or financing of a mortgage on a Lot, the Association may maintain a fidelity bond or 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. The fidelity bond or insurance shall name the Association as the named insured.

Other. The Association shall maintain workers compensation insurance where applicable. The Association may maintain such other insurance as the Board may determine from time to time to be in the best interests of the Association and the Owners. The Association may enter into binding agreements with a mortgagee, insurer or servicer, including without limitation FHA or FMNA, obligating the Association to keep certain specified coverages and endorsements in effect.

<u>Premiums; Improvements; Deductibles</u>. All insurance premiums shall be assessed and paid as a Common Expense. The insurance will only cover Common Areas and will not cover property loss or damage to Dwellings or Lots.

<u>Cancellation; Notice of Loss</u>. All policies or comprehensive liability insurance maintained by the Association shall provide that the policies shall not be cancelled or substantially modified, for reason; without at least 30 days prior written notice to the Association, to the FHA or FNMA (if applicable), all of the insureds and all Eligible Mortgagees.

Owners Personal Insurance. Each Owner may obtain additional personal coverage at his or her own expense covering fire and other casualty to the Lot, the Dwelling, personal property or personal liability of said Owner. These items will not be covered by the Associations insurance, and such insurance is recommended. All insurance policies of Owners shall provide that they are without contribution as against that purchased by the Association.

15. Current or Expected Fees or Charges to be Paid by Lot Owners for the Use of Common Areas and Other Facilities Related to the Community.

Currently, there are no current or expected fees or charges (<u>other than assessments</u>) that will be paid by lot owners for the use of any of the common facilities in or related to the Community, including the maintenance, upkeep of the primary monument, secondary monument, and Outlot A pond pump and surrounding landscape, lawn and ground maintenance.

16. Real Estate Taxes.

The real estate taxes for the lots or any real property owned by the Dancing Waters Homeowner's Association are not delinquent. Real estate taxes have not been separately assessed against any lot as of the date of this statement.

17. Completion of Purchaser's lot.

The lot Purchaser is purchasing from Declarant will be substantially completed at the time of the contemplated conveyance.

18. Community and Association Documents.

Attached hereto and incorporated herein are copies of the following documents related to the Community and the Association:

- (a) Declaration and any amendments (other than the plat);
- (b) Articles of Incorporation of the Association;
- (c) Bylaws of the Association;
- (d) Rules and Regulations of the Association;
- (e) List of Association Board members;
- (f) Balance sheet, current within 90 days, and projected annual budget of the Association;
- (h) Description of contracts or leases that may be subject to cancellation by the Association;
- (i) Any material agreements entered into between the Declarant and a governmental entity that affect the Community;

19. Budget.

As of the date of this Disclosure Statement there is no current balance sheet for Dancing Waters Homeowner's Association. A projected budget for the association for the year in which the first lot is conveyed to a purchaser is attached; there is no other current annual budget of the association. The party responsible for preparing the first budget is the declarant. The budget, when prepared and available, shall include, without limitation: (i) a statement of the amount included in the budget as a reserve for maintenance, repair and replacement; (ii) a statement of any other reserves; (iii) the projected common expense for each category of expenditures for the association; (iv) the projected monthly common expense assessment for each lot, and (v) a statement as to the components of the Community whose replacement will be funded by assessment.

20. Additional Real Estate.

The following notice is required by Minnesota Statutes. The Declarant has reserved in the Declaration certain rights to add additional real estate. These rights allow a declarant to add lots/dwellings or common areas to a community, and to make other changes to the community over a specified period of time. These changes may have a substantial effect upon the lots/dwellings or rights of lot owners, by changing relative voting power and share of common expenses, by increasing the number of persons using the common areas, by altering the size and appearance of the community and by making other changes which may affect the value or utility of the lots. A purchaser of lots in this community should consider the possible effects of the Declarant's rights reserved for this project. The rights to add additional real estate are reserved in Section 12 of the Declaration.

21. Minor Changes to Documents; Priority of Community Documents.

The Declarant retains the right to make minor, non-material changes to the Community documents in order to comply with the requirements of the Blue Earth County Recorder and other governmental agencies, and Declarant's Mortgagees. In the event of any discrepancy between the Community documents and this Disclosure Statement, the language of the Community documents shall control.

	DECLARANT: OWN Ovation LLC
	/s/ Cheryl JM Freitag
	By: Cheryl JM Freitag, Chief Manager
PURCHASER(S) HEREBY ACKNOWLEDG THE DOCUMENTATION INCLUDED HE OF20	
PURCHASER:	PURCHASER:
(Name)	(Name)
(Current Address)	(Current Address)
(Telephone No.)	(Telephone No.)
(Fmail Address)	(Email Address)

DANCING WATERS HOMEOWNER'S ASSOCIATION

Prepared by Dancing Waters Homeowner's Association

PROJECTED ANNUAL BUDGET

2015 Annual Maintenance	Annual Cost	Monthly Per Unit		
Insurance*	\$1,176.00	\$2.00		
Lawn Care	12,936.00	22.00		
Snow Removal/Lawn Care	20,580.00	35.00		
Lawn Irrigation	11,172.00	19.00		
Banking/Service/Bank Charges/ Misc.	588.00	1.00		
Accounting	7,056.00	12.00		
Secondary Association Expense*	2,940.00	5.00		
SUBTOTAL	<u>\$56,448.00</u>	<u>\$96.00</u>		
Reserves**	\$2,352.00	\$4.00		
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SUBTOTAL - RESERVES	<u>\$2,352.00</u>	<u>\$4.00</u>		
<u>TOTALS</u>	<u>\$58,800.00</u>	<u>\$100.00</u>		
Projected Monthly Common Expense As	\$ 100.00			
Projected Annual Common Expense Ass	\$ 1,200.00			
Total Annual Assessment (\$100.00 x 12 x	\$ 58,800.00			

^{*} Does not include insurance on Owner's Lot/Dwelling. Includes only insurance coverage as described in the Association Documents for Dancing Waters Homeowner's Association

Annual assessments to be paid by ACH monthly withdrawals or prepaid annually in full when assessment is due.

^{**} Reserves may be used to: i) cover expenditures of an emergency nature, ii) cover unbudgeted capital expenditures or operating expenses, and iii) replacing components in part or in whole of the monuments, landscape & pond fountains as described in the Dancing Waters Homeowner's Association Documents.

DANCING WATERS DECLARATION OF PROTECTIVE COVENANTS

DANCING WATERS

DECLARATION OF PROTECTIVE COVENANTS

THIS DECL	ARATIO	i NC	s made	e in the Co	ounty	of	Blue Earth,	State of	Minneso	ota, on this	day day
of May	2015,	by	OWN	Ovation,	LLC,	а	Minnesota	limited	liability	company	(the
"Declarant"),											

Declarant is the owner in fee simple of the real property situated in the City of Mankato, in the County of Blue Earth, in the State of Minnesota, legally described on Exhibit A attached hereto and incorporated herein by reference (the "Subject Property").

Declarant is currently the owner or has under purchase contract the real property situated in the City of Mankato, in the County of Blue Earth, in the State of Minnesota, legally described on Exhibit B attached hereto and incorporated herein by reference (the "Additional Real Estate") all or any portion of which Additional Real Estate Declarant may add to the Subject Property at a later date.

Declarant discloses the Irrigation HUB Easement situated in the City of Mankato, in the County of Blue Earth, in the State of Minnesota, legally described on Exhibit C attached hereto and incorporated herein by reference (the "Irrigation HUB Easement")

Declarant has formed a non-profit association (the "Association") which will eventually assist in ensuring the continued integrity of the Property; and

Declarant desires to subject the Property, and any additional real estate added thereto, to this Declaration to assist in assuring the architectural and aesthetic character of the Property and to ensure the health, safety and welfare of its resident Owners and Occupants as well as providing limited services to the Owners and Occupants; and

Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of and which shall run with the property subjected to this Declaration, and which shall be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, representatives, successors and assigns, and shall inure to the benefit of each owner thereof. The Declarants hereby consent to this Declaration; and

The Property is exempt from the provisions of Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act, and it is the intent of Declarant that the

Property and the Association remain outside the scope of the Minnesota Common Interest Ownership Act.

SECTION 1 DEFINITIONS

The following words when used in the Articles and By-laws of the Association and this Declaration (collectively the "Governing Documents") shall have the following meanings (unless the context otherwise):

- 1.1 "<u>Dancing Waters</u>, City of Mankato, County of Blue Earth, Minnesota" means the property at any time subject to this Declaration.
- 1.2 "Additional Real Estate" shall mean the real property, including all improvements located thereon now or in the future, and all easements and rights appurtenant thereto, which property Declarant has the right to add to the Property and make it subject this Declaration and which real property is located in Blue Earth County, Minnesota.
- 1.3 "Association" shall mean the Dancing Waters Homeowner's Association, a nonprofit corporation which has been created pursuant to Chapter 317A of the laws of the State of Minnesota, whose members consist of all Owners as defined herein.
- 1.4 "Board" shall mean the Board of Directors of the Association, as provided for in the By-laws.
- 1.5 "By-laws" shall mean the By-laws governing the operation of the Association, as amended from time to time.
- 1.6 "Common Area" or "Common Areas" means any property owned by or easements in favor of the Association for the use and/or enjoyment of the Members.
- 1.7 "Common Expenses" shall mean and include all expenditures made or liabilities incurred by or on behalf of the Association and incidental to its operation, including without limitation allocations to reserves and those items specifically identified as Common Expenses in this Declaration or the By-laws.
 - 1.8 "Declarant" refers to OWN Ovation, LLC a Minnesota Limited Liability Company.
- 1.9 "<u>Declaration</u>" means this instrument, and all exhibits hereto including the By-Laws, as the same may be amended or supplemented from time to time.

- 1.10 "<u>Dwelling</u>" shall mean a building consisting of one or more floors designed and intended for occupancy as a single family residence, and located within the boundaries of a Lot. The Dwelling includes any garage attached, or otherwise included within the boundaries of the Lot in which the Dwelling is located.
- 1.11 "Eligible Mortgagee" shall mean any Person owning a mortgage on any Lot, which mortgage is first in priority upon foreclosure to all other mortgages that encumber such Lot, and which has 'requested the Association, in writing, to notify it regarding any proposed action which requires approval by a specified percentage of Eligible Mortgagees.
- 1.12 "Facilities" refers to the Dancing Waters development monuments, pond fountain and immediate landscape as described in Section 6.10 and as provided for in Section 12 relating to Special Declarant Rights to add Additional Real Estate-Common Area(s).
- 1.13 "Governing Documents" shall mean this Declaration, and the Articles of Incorporation and Bylaws of the Association, as amended from time to time, all of which shall govern the use and operation of the Property.
- 1.14 "Individual Lot Maintenance Assessments" mean assessments levied under Section 5 & Section 6 and as described in the By-Laws.
- 1.15 "Lot" shall mean any platted lot subject to this Declaration upon which a Dwelling is located or intended to be located, as shown on the Plat, including all improvements thereon.
- 1.16 "Member" shall mean all persons who are members of the Association by virtue of being Owners as defined in this Declaration. The words Owner" and "Member" may be used interchangeably in the Governing Documents.
- 1.17 "Occupant" shall mean any person or persons other than an Owner, in possession of or residing in a Dwelling on a Lot.
- 1.18 "Owner" shall mean a Person who owns a Lot, but excluding contract for deed vendors, mortgagees and other secured parties. The term "Owner" includes, without limitation, contract for deed vendees and holders of a life estate.
- 1.19 "Person" shall mean a natural individual, corporation, limited liability company, partnership, trustee, other or legal entity capable of holding title to real property.
- 1.20 "Plat" shall mean the recorded plat depicting the property satisfying the requirements of Minnesota Statutes, as applicable, including any future Plats recorded from time to time.

- 1.14 "<u>Property</u>" shall mean all of the real property submitted to this Declaration, including the Dwellings and all other structures and improvements located thereon now or in the future. The Property as of the date of this Declaration is legally described in the attached Exhibits.
- 1.15 "Rules and Regulations" shall mean the Rules and Regulations of the Association as approved from time to time pursuant to Section 5.6.
 - 1.16 "Special Assessments" shall mean any assessments levied under Section 5.06.

SECTION 2 DESCRIPTION OF LOTS, EASEMENTS AND APPURTENANCES

2.1 <u>Lots</u>. There are initially 49 Lots, all of which are restricted exclusively to residential use. Each Lot constitutes a separate parcel of real estate. No additional Lots may be created by the subdivision or conversion of Lots. The Lot identifiers and locations of the Lots are as shown on the Plat, which is incorporated herein by reference. The Lot identifier for a Lot shall be its lot and block numbers and the subdivision name.

All of Block 5 Lots 1-18 are slab on grade Lots only (the "Standard Dwellings"). All remaining Lots located in Blocks 2-4 have the option to have basements (the "Standard Dwellings w/ Basement Option").

- 2.2 <u>Lot Boundaries</u>. The front, rear and side boundaries of each Lot shall be the boundary lines of the platted lot as shown on the Plat. The Lots shall have no upper or lower boundaries.
- 2.3 Access Easements. The Association shall be the beneficiary of an appurtenant easement for maintenance, repair and/or replacement of the Irrigation Hub located on the easement as described in Exhibit C.
- 2.5 <u>Utility and Maintenance Easements</u>. Each Lot shall be subject to and shall be the beneficiary of appurtenant easements for all services and utilities, which exist from time to time, as constructed or as indicated on the Plat and servicing the Lots and the Common Area, and for maintenance, repair and replacement as described in Section 9. Each Lot, and the rights of the Owners and Occupants thereof, shall be subject to the rights of the Association to an exclusive, appurtenant easement on and over the Lots for the purposes of providing the services specified in this Declaration and to maintenance, repair, replace and reconstruction of the Lots or utilities serving the Lots, as such are required or permitted by the Governing documents, to the extent necessary to fulfill the Association's obligations under the Governing Documents. Each Lot shall also be subject to an exclusive easement in favor of the Association and all utility companies

providing service to the Lots for the installation and maintenance of utilities metering devices and for lawn watering systems.

- 2.6 <u>Declarant's Easements</u>. Declarant shall have and be the beneficiary of easements for construction and sales activities as described in Section 12.
- 2.7 <u>Recorded Easements</u>. The Property shall be subject to such other easements as maybe recorded against it or otherwise shown on the Plat.
- 2.8 <u>Easement are Appurtenant</u>. All easements and similar rights burdening or benefiting a Lot or any other part of the Property shall be appurtenant thereto, and shall be "permanent" subject only to termination in accordance with the terms of the easement or 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.
- 2.9 <u>Impairment Prohibited</u>. No person shall materially restrict or impair any easement benefiting or burdening the Property, subject to the Declaration and the right of the Association to impose reasonable Rules and Regulations governing the use of the Property.
 - 2.10 <u>Easement for Maintenance</u>. Repair Replacement and Reconstruction.
- 2.11 <u>Utilities Easements</u>. The Property shall be subject to non-exclusive, appurtenant easements for all utilities, water and sewer, irrigation service and similar services, which exist from time to time, as constructed or referred to in the Plat, or as otherwise described in this Declaration or any other duly recorded instrument.
- 2.12 <u>Continuation of Easements</u>. Notwithstanding anything in this Declaration to the contrary, in no event shall an Owner or Occupant be denied reasonable access to his or her Lot or the right to utility services thereto.

SECTION 3 COMMON AREA(S)

- 3.1 Common Areas. The Common Areas and their characteristics are as follows:
- a. All of the Property not included within the Lots constitutes Common Area. The Common Area include those parts of the Property designated as Common Area on the Plat. The Common Area may or may not be owned by the Association and/but are for the benefit of the Owners and Occupants.

- b. Subject to Sections 5, 6 and 9, the associated maintenance, repair, replacement, management and operation of the Common Area shall be the responsibility of the Association as described in this declaration.
- c. Common Expenses for the maintenance, repair, replacement, management and operation of the Common Area shall be assessed and collected from the Owners in accordance with Section 6.

SECTION 4 ASSOCIATION MEMBERSHIP RIGHTS AND OBLIGATIONS

Membership in the Association, and the allocation to each Lot 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 <u>Membership</u>. Each Owner shall be a member of the Association by virtue of Lot ownership, and the membership shall be transferred with the conveyance of the Owner's interest in the Lot. An Owner's membership shall terminate when the Owner's ownership terminates. When more than one 'Person is an Owner of a Lot, all such Persons shall be members of the Association, but multiple ownership of a Lot shall not increase the voting rights allocated to such Lot nor authorize the division of the voting rights.
- 4.2 <u>Voting and Common Expenses</u>. Voting rights and Common Expense obligations are allocated equally among the Lots (each Lot shall have one vote); except that special allocations of Common Expense shall be permitted as provided in Section 6.1.
- 4.3 <u>Appurtenant Rights and Obligations</u>. The ownership of a Lot shall include the voting rights and Common Expense obligations described in Section 4.2. Said rights, obligations and interests, and the title to the Lots, shall not be separated or conveyed separately.
- 4.4 <u>Authority to Vote</u>. 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 Lot at meetings of the Association; provided, that if there are multiple Owners of a Lot, only one Owner or other Person designated pursuant to the provisions of the By-laws may cast a vote. The voting rights of Owners are more fully described in Section 3 of the By-laws.

SECTION 5 ADMINISTRATION

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

- 5.1 <u>General</u>. The operation and administration of the Association and the Property shall be governed by the Governing Documents. The Association shall, subject to the rights of the Owners set forth in the Governing Documents, be responsible for the operation, management and control of the Property. The Association shall have all powers described in the Governing Documents and the statute under which it 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. All references to the Association shall mean the Association acting through the Board unless specifically stated to the contrary.
- 5.2 <u>Operational Purposes</u>. The Association shall operate and manage the Property 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 Property for which it is responsible and (iii) preserving the value and architectural uniformity and character of the Property.
- 5.3 <u>Binding Effect of Actions</u>. All agreements and determinations made by the Association in. accordance with the powers and voting rights established by the Governing Documents shall be binding upon all Owners and Occupants, and their lessees, guests, heirs, personal representatives, successors and assigns, and all secured parties as defined in the Act.
- 5.4 <u>By-laws</u>. The Association shall have By-laws. The By-laws and any amendments thereto shall govern the operation and administration of the Association.
- 5.5 <u>Management</u>. The Board may delegate to a manager or managing agent the duties imposed upon the Association's officers and directors by the Governing Documents; however, such delegation will not relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and Bylaws. This includes the hiring or employment of a management company for operations, financial document preparation, and collection of past due monies.
- 5.6 <u>Rules and Regulations</u>. The Board shall have exclusive authority to approve and implement such reasonable Rules and Regulations as it deems from time to time for the purpose of operating and administering the affairs of the Association and regulating the use of the Property, provided that the Rules and Regulations shall not be inconsistent with the Governing

Documents. New or amended Rules and Regulations shall be effective only after reasonable notice thereof has been given to the Owners.

5.7 <u>Association Assets: Surplus Funds</u>. 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 FOR COMMON EXPENSES

- 6.1 <u>General</u>. Assessments for Common Expenses shall be determined and assessed against the Lots by the Board, in its discretion, subject to the limitations set forth in Sections 6.2 and 6.3, and the requirements of the By-laws. Assessments for Common Expenses shall include annual assessments and may include special assessments. Assessments shall be allocated equally among the Lots according to the Common Expense allocations set forth in Section 4.2, subject to the following qualifications:
 - a. Reasonable attorney's fees and other costs of incurred by the Association in connection with (i) the collection of assessments and (ii) the enforcement of the Governing Documents, or the Rules arid Regulations, against an owner or Occupant or their guests, may be assessed against the Owner's Lot;
 - b. Fees, charges, late charges, fines and interest may be assessed against specific Lot Owner, as provided in the Governing Documents;
 - c. Assessments levied to pay a judgment against the Association may be levied only against the Lots existing at the time the judgment was entered, in proportion to their Common Expense liabilities;
 - d. If any damage to the Common Area or another Lot is caused by the act or omission of any Owner or Occupant, or their guests, the Association may assess the costs of repairing the damage exclusively against the Owner's Lot to the extent not covered by insurance;
 - e. If any installment of an assessment becomes more than 30 days past due, then the Association may, upon 10 days written notice of the Owner, declare the entire amount of the assessment immediately due and payable in full;

- f. Assessments under Subsections 6.1. a-e and Section 6.10 shall not be considered special assessments as described in Section 6.3.
- 6.2 <u>Annual Assessments</u>. Annual assessments shall be established and levied by the Board, subject only to the limitations set forth in Section 6.2 and 6.3. Each annual assessment shall cover all of the anticipated Common Expenses of the Association for that year. Annual assessments may provide, among other things, for contributions to a separate reserve fund sufficient to cover the periodic cost of maintenance, repair and replacement of the Common Areas and of those parts of the Lots for which the Association is responsible. Annual assessments must be paid in accordance with Section IX of the By-laws.
- 6.3 <u>Special Assessments</u>. In addition to annual assessments, the Board may levy in any year a special assessment against all Lots for the purpose of defraying in whole or in part (i) the cost of any unforeseen or unbudgeted Common Expense, (ii) general or specific reserves, and (iii) the maintenance, repair or replacement of any part of the Property, which the Association has the obligation or right to maintain, repair or replace. Notwithstanding the foregoing, any special assessment shall be subject to approval by the vote of a majority of those Owners voting, in person or by proxy, at a special meeting called for that purpose.
- 6.4 <u>Liability of Owners for Assessments</u>. The obligations of an Owner to pay assessments shall commence at the time the Owner acquires title to a Lot. The Owner at the time an assessment is payable with respect to the Lot shall be personally liable for the share of the Common Expenses assessed against such Lot. Such liability shall be joint and several where there are multiple Owners of the Lot. The liability is absolute and unconditional. No owner is exempt from liability for payments of his or her share of Common Expenses by right of set-off, by waiver of use or enjoyment of any part of the Property, by absence from or abandonment of the Lot, 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. The Association may invoke the charges, sanctions and remedies set forth in Section 11, in addition to any remedies provided elsewhere in the Governing Documents or by law, for the purpose of enforcing its rights hereunder.

At the closing, Purchaser will pay to the Association an assessment for working capital in an amount equal to two (2) months projected Common Expense assessments for the lot/dwelling purchased. Such assessment is to be used to provide a working capital reserve fund for the Association. The assessment is neither refundable, nor is it to be considered an advance payment of monthly assessments. The estimate of the monthly Common Expenses assessable to the lot/dwelling Purchaser is buying and the working capital assessment required by the Purchase Agreement is detailed in the documentation annexed hereto. Also, Purchaser shall pay to the Association at closing the full Common Expense assessment for the month succeeding the

closing. In addition, the Purchaser shall pay the Association at closing \$100 fee to create a new Member account.

- 6.5 <u>Declarant's Alternative Assessment Program</u>. Notwithstanding anything to the contrary in this Section 6, if a Common Expense assessment has been levied, any Lot owned by Declarant for initial sale shall be assessed only if it contains a completed Dwelling for which a certificate of occupancy has been issued. Other Lots owned by Declarant shall not be assessed, nor shall Declarant be responsible for a proportionate payment of Common Expenses.
- against that Lot 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 charges imposed by the Association are liens, and are enforceable as assessments under this Section. Recording of the Declaration constitutes record notice and perfection of any lien under this Section, and no further recordation of any notice of or claim for the lien is required.
- 6.7 Foreclosure of Lien; Remedies. A lien for Common Expenses may be foreclosed against a Lot under the laws of the State of Minnesota) by action, or (ii) by advertisement as a lien under a mortgage containing a power of sale. The Association, or its authorized representative, shall have the power to bid in at the foreclosure sale and to acquire, hold, lease, mortgage and convey any Lot so acquired. The Owner and any other Person claiming an interest in the Lot, by the acceptance or assertion of any interest in the Lot, grants to the Association a power of sale and full authority to accomplish the foreclosure. The Association shall, in addition, 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 Lot.
- 6.8 <u>Lien Priority; Foreclosure</u>. A lien under this Section is prior to all other liens and encumbrances on a Lot except (i) liens and encumbrances recorded before the Declaration, (ii) any first mortgage on the Lot, and (iii) liens for real estate taxes and other governmental assessments or charges against the Lot.
- 6.9 <u>Voluntary Conveyances</u>; <u>Statement of Assessments</u>. In a voluntary conveyance of a Lot the buyer shall not be personally liable for any assessments and other charges made by the Association against the seller or the seller's Lot 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 Lot until satisfied. Any seller or buyer shall be entitled to a statement of past due assessments, in recordable form, for the Association's current fiscal year.
- 6.10 Primary, Secondary Monument, and Pond Pump Fees. In addition to the primary association dues/fees there will be an additional (secondary) association fee relating to the

maintenance, care/operation and preservation of the main development monument and the monuments immediate associated landscape maintenance located on Lot 1 Block 1 and Outlot A of the Tranquility Townhomes Association, City of Mankato, Blue Earth County, State of Minnesota. This additional fee will also be for the maintenance, care/operation, and preservation and the monuments immediate associated landscape maintenance located on the south westerly intersection of Shalom Avenue and Diamond Creek Road. (The secondary monument will be permitted by a license to encroach from the City of Mankato.) The secondary association fee will also be for the maintenance, care/operation, and preservation of the Outlot A pond pump, grounds, and lawn maintenance which will be quit claimed to the City of Mankato, Blue Earth County, State of Minnesota and permitted to be maintained through a license to encroach from the City of Mankato. This secondary homeowner's association fee will be paid biannually to the Tranquility Townhomes Association because these "facilities" will be serviced by water, electricity, and maintenance through Tranquility Townhomes Association. Fees for the above items will be paid *pro rata* by the 40 townhome units and 49 single family Lots in Phase I because the development benefits collectively. Additional phases will join upon completion.

SECTION 7 RESTRICTIONS ON USE AND ALTERATIONS OF THE PROPERTY

All Owners and Occupants, and all parties, by their acceptance or assertion of an interest in the Property, or by their occupancy of a Lot, covenant and agree that, in addition to any other restrictions which may be imposed by the Governing Documents, the occupancy, use, operation, alienation and conveyance of the Property shall be subject to the restrictions set out in this Declaration.

- 7.1. <u>General</u>. The property shall be owned, conveyed, encumbered, leased, used and occupied subject to the Governing Documents. All covenants, restrictions and obligations set forth in the Governing Documents are in furtherance of a plan for the Property, and shall run with the Property and be a burden and benefit to all Owners and Occupants and to any other Person acquiring or owning an interest in the Property, their heirs, personal representatives, successors and assigns.
- 7.2. <u>Subdivision Prohibited</u>. No Lot may be subdivided or partitioned without the prior written approval of all Owners and all parties holding first mortgages on the Lots.
- 7.3 <u>Residential Use</u>. The Lots shall be used by Owners and Occupants and their guests exclusively as private, single family residential dwellings, and not for transient, hotel, commercial, business or other non-residential purposes, except as provided in Section 7.4. Any lease of a Lot (except for occupancy by guests with the consent of the Owner) for a period of less than 7 days,

or any occupancy which includes services customarily furnished to hotel guests, shall be presumed to be for transient purposes.

- 7.4 <u>Business use Restricted</u>. No business, trade, occupation or profession of any kind, whether carried on for profit or otherwise, shall be conducted, maintained or permitted in any Lot; except (i) an Owner or Occupant residing in a Lot may keep and maintain his or her business or professional records in such Lot and handle matters relating to such business by telephone or correspondence therefrom, provided that such uses are incidental to the residential use, do not involve physical alteration of the Lot and do not involve any observable business activity such as signs, advertising displays, bulk mailings, deliveries, or visitation or use or the Lot by customers or employees and (ii) the Association may maintain offices on the Property for management and related purposes.
- 7.5 <u>Leasing</u>. Leasing of Lots/Dwellings shall not be allowed, subject to reasonable regulation by the Association, and subject to the following conditions: (i) that no Unit/Dwelling shall be leased for transient or hotel purposes, (ii) that no Lot/Dwelling may be subleased, (iii) that all leases shall be in writing, and (iv) that all leases shall provide that they are subordinate and subject to the provisions of the Governing Documents and the Rules and Regulations, 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 Lots/Dwellings, 'consistent with this Section.
- 7.6 <u>Parking</u>. Garages and Parking areas on the Property shall be used only for parking of vehicles owned or leased by Owners and Occupants and their guests, and such incidental uses as may be authorized in writing by the Association. However, in all events, visitor parking on a driveway is limited to no more than 72 hours.
- 7.7 <u>Animals</u>. No animal may be bred or maintained for business or commercial purposes anywhere on the Property. Animals shall be limited to those whose size and temperament make them appropriate for household confinement. The number of such animals shall be limited to that which one might reasonably expect to be confined in a single family home. All animals must be confined inside a Dwelling. The word "animal" shall be construed in its broadest sense, and shall include all living creatures except humans. No exterior animal kennel on the Property is allowed.
- 7.8 Quiet Enjoyment; Interference Prohibited. All Owners and Occupants shall use the Property in such a manner as will not cause a nuisance, nor unduly restrict, interfere with or impede the use of the Property by other Owners and Occupants and their guests. No substance, thing, or material may be kept on the Property if that material emits foul or obnoxious odors, or will cause any noise that will or might disturb the peace, quiet, comfort, or serenity of neighbors.

Lot Owners, Occupants or guests shall not make noises, play instruments, or operate radios, televisions or amplifiers in a way that disturbs other residents of the Property.

- 7.9 No Unsightly Activities. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out on any portion of a Lot so as to be visible from the outside Dwelling, nor shall a clothesline, including retractable, be installed or maintained anywhere on the exterior areas of the Lot.
- 7.10 <u>Outside Storage</u>. Outside storage of any items including, without limitation, sports equipment, toys, camping equipment, garbage, trash, or cooking equipment (except seasonal furniture and one gas or charcoal grill per Lot) shall be strictly prohibited except as may be authorized in writing by the Association.
- 7.11 <u>Vehicle Storage</u>. No boats, snowmobiles, trailers, camping vehicles, buses, camper tops, all-terrain vehicles, tractor/trailers, trucks in excess of 9,000 pounds, or unlicensed or inoperable vehicles shall at any time be stored or parked on any part of the Lot or Property except inside the garage and out of view of others.
- 7.12 <u>Repairs to Vehicles</u>. Except for emergency repairs, no repairs or adjustment to motor vehicles may be completed on the Property or on the Lot except in the garage out or view of others and only on vehicles registered to the Owners or Occupants of the Lot.
- 7.13 <u>Landscaping</u>. No sod, soil, sand, or gravel shall be sold or removed from any part of the Lot or the Property. No landscaping or any kind may be done without the prior written consent of the Association in accord with Section 8. No tree or shrub on a Lot shall be destroyed or removed except as approved in writing by the Association. All trees planted must be surrounded by rock/landscape mulch and cannot create a barrier or hedge.
- 7.14 <u>Hazardous Materials</u>. No storage of hazardous or flammable materials on the Property except for reasonable quantities of usual household materials.
- 7.15 <u>No Discharge of Firearms</u>. No discharge of firearms or hunting shall be allowed on any portion of the Property.
- 7.16 <u>Compliance with Law</u>. 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.

- 7.17 <u>Time Shares Prohibited</u>. 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 Lot into separate time periods, is prohibited.
- 7.18 <u>Signs</u>. No advertisement, poster or sign of any sort may be placed on the exterior of a Lot/Dwelling or in a window such that it could be seen from the outside except as authorized by the Association, except that one "for sale" sign relating only to the sale of the Lot/Dwelling may be placed in the yard area of a Lot and of typical size not exceeding 8 square feet total.
- 7.19 <u>No Additional Equipment Installed</u>. No additional air conditioning unit or heavy equipment may be installed on the exterior of a Dwelling without written authority of the Association. No exterior television, radio, satellite or microwave antenna of any sort (except a single satellite dish no larger than 18 inches in diameter) may be erected upon the exterior of a Dwelling or upon any area of a Lot without the Association's prior written Consent provided that it is not visible from the front of the Lot. No playground equipment shall be erected or located upon any Lot.
- 7.20 No Window Alterations. No film or coating may be applied to the interior or exterior of a window, which may darken, make reflective, or alter the color or appearance of a window as viewed from outside. No sheets, blankets or items other than professional window treatments which are in character & color with the dwelling exterior may be visually seen through the window(s) from the exterior of the dwelling.
- 7.21 No Alterations to Lots. Except for alterations made by the Declarant in consideration of its initial Sale of a Lot, no structure, building, addition, deck, patio, fence, wall, enclosure, window, exterior door, sign, display, decoration, color change, shrubbery, topographical or landscaping change, nor any other exterior improvements to or alteration of any Dwelling or any other part of Lot which is visible from the exterior of the Dwelling (collectively referred to as alterations), shall be commenced, erected or maintained on a Lot, unless and until the plans and specifications showing the nature, kind, shape, height, color, materials and locations of the alterations shall have been approved in accord with Section 8 of this Declaration.
- 7.22 <u>Additional Rules and Regulations</u>. The Association may adopt additional rules and regulations regarding the use and enjoyment of the Property; provided, no such rules or regulations may contradict the express provisions of the Governing Documents of the Association.

SECTION 8 ARCHITECTURAL REVIEW COMMITTEE ("ARC") & LANDSCAPE COMMITTEE

Before the construction on any lot, all original home site plans, construction plans, exterior finishes, and landscaping plans must be submitted and be approved in writing by the ARC and Landscape Committee which comprises of the Declarant and Orion Development, Inc., a Minnesota corporation, subject to the sections below.

- 8.1 <u>Restrictions on Alterations</u>. The following restrictions and requirements shall apply to alterations on the Property:
 - a. Except as expressly provided in this Section 8, and except for alterations made by Declarant in consideration of its initial sale of a Lot, no structure, building, addition, deck, patio, fence, wall, enclosure, window, exterior door, sign, display, decoration; color change, shrubbery, topographical or landscaping change, nor any other exterior improvements to or alteration of any Dwelling or any other part of a Lot which is visible from the exterior of the Dwelling (collectively referred to as alterations), shall be commenced, erected or maintained on a Lot, unless and until the plans and specifications showing the nature, kind, shape, height, color, materials and locations of the alterations shall have been approved in writing by the Board of Directors or a committee appointed by it. Notwithstanding the foregoing, Declarant's written consent shall also be required for alterations until Declarant no longer owns any unsold Lot and has no further rights to add Additional Real Estate to the Property. Approval of an alteration shall be in the sole discretion of the Association and/or the Declarant.
 - b. The criteria for approval will include and require, at a minimum, (i) substantial uniformity of color, size, location, type and design in relation to existing improvements and topography, (ii) comparable or better quality of materials as used in existing improvements, (iii) ease of maintenance and repair, adequate protection of the Property, the Association, Owners and Occupants from liability and liens arising out of the proposed alterations and/or compliance with governmental laws, codes and regulations.
 - c. Alterations described in Section 16 shall be governed by that Section.
- 8.2 <u>Review Procedures</u>. The following procedures shall govern requests for alterations under this Section:
 - a. Detailed plans, specifications and related information regarding any proposed alteration, in form and content acceptable to the Board of Directors, shall be submitted to the Board of Directors at least sixty (60) days prior to the prospective commencement or construction. No alterations shall be commenced prior to approval.

- b. The Board of Directors shall give the Owner written notice of approval or disapproval. If the Board of Directors fails to approve or disapprove within sixty (60) days after receipt of said plan and specifications and all other information requested by the Board of Directors, then approval will not be required, and this Section shall be deemed to have been fully complied with so long as the alterations are done in accordance with the plans, specifications and related information which were submitted.
- c. If no request for approval is submitted, approval is denied, unless (i) the alterations are reasonably visible and (ii) no written notice of the violation has been given to the Owner in whose Lot the alterations are made, by the Association or another Owner, within one year following the date of completion of the alterations. Notice may be direct written notice or the commencement of legal action by the Association or an Owner. The Owner of the Lot in which the alterations are made shall have the burden of proof, by clear and convincing evidence that the alterations were completed and reasonably visible for at least one year following completion and that the notice was not given.
- 8.3 Remedies for Violations. The Association may undertake any measures, legal or administrative, to enforce compliance with this Section and shall be entitled to recover from the Owner causing or permitting the violation all attorneys' fees and costs of enforcement, whether or not a legal action is started. Such attorneys' fees and costs shall be a lien against the Owner's Lot and a personal obligation of the Owner. In addition, the Association shall have the right to enter upon the Owner's Lot and to restore any part of the Dwelling or Lot to its prior condition if any alterations were made in violation of this Section, and the cost of such restoration shall be a personal obligation of the Owner and a lien against the Owner's Lot.

SECTION 9 MAINTENANCE

9.1 <u>Maintenance by Association</u>. The Association shall pay for maintenance, repair or replacement (collectively referred to as "Maintenance") as described in Section 6.10. In addition, for the purpose of preserving the architectural character, quality, and uniform and high standards for appearance of the Property, the Association shall provide for lawn maintenance on all Lots, and the Association shall provide for snow removal from driveways and sidewalks of all Lots. The Association shall have easements as described in Section 2 to perform its obligations under this Section 9. The Owners and Occupants shall have a duty to promptly notify the Association of defects in or damage to those parts of the Property which the Association is obligated to maintain.

- 9.2 <u>Maintenance by Owner</u>. Except for the maintenance required to be provided by the Association under Section 9.1, all maintenance of the Dwellings and Lots shall be the sole responsibility and expense of the Owners thereof. The Association may require that any exterior maintenance to be performed by the Owner be accomplished pursuant to specific uniform criteria established by the Association. The Association may also undertake any exterior maintenance of a Dwelling which the responsible Owner fails to or improperly performs, and the Association may assess the Lot and the Owner for the cost thereof. The Owner is responsible for the repair and maintenance of the underground sprinkler system on their property.
- 9.3 <u>Damage Caused by Owner</u>. Notwithstanding this Section, if, in the judgment of the Association, the need for repair of any part of the Property for which the Association is responsible for the maintenance of, is caused by the willful or negligent act or omission of an Owner or their guests, or by a condition a Lot which the Owner or Occupant has willfully or negligently allowed to exist, the Association may cause such damage or condition to be repaired or corrected (and enter upon any Lot to do so), and the cost thereof may be assessed against the Lot of the Owner responsible for the damage.

SECTION 10 INSURANCE

- 10.1 <u>General</u>. Any insurance the Association obtains and/or maintains shall be issued by a reputable insurance company or companies authorized to do business in the State of Minnesota.
- 10.2 <u>Comprehensive Public Liability Insurance</u>. The Association shall maintain at a minimum, comprehensive public liability insurance covering the use, operation and maintenance of the Common Areas, with minimum limits of \$1,000,000 per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. 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. The policy shall include such additional endorsements, coverages and limits with respect to such hazards as may be required by the regulations of the FHA or FNMA as a precondition to their insuring purchasing or financing a mortgage on a Lot.
- 10.3 <u>Fidelity Bond</u>. If deemed advisable by the Board or if regulations of the FHA or FNMA as a precondition to the purchase or financing of a mortgage on a Lot, the Association may maintain a fidelity bond or 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. The fidelity bond or insurance shall name the Association as the named insured.

- 10.4 Other. The Association shall maintain workers compensation insurance where applicable. The Association may maintain such other insurance as the Board may determine from time to time to be in the best interests of the Association and the Owners. The Association may enter into binding agreements with a mortgagee, insurer or servicer, including without limitation FHA or FMNA, obligating the Association to keep certain specified coverages and endorsements in effect.
- 10.5 <u>Premiums; Improvements; Deductibles</u>. All insurance premiums shall be assessed and paid as a Common Expense. The insurance will only cover Common Areas and will not cover property loss or damage to Dwellings or Lots.
- 10.6 <u>Cancellation</u>; <u>Notice of Loss</u>. All policies or comprehensive liability insurance maintained by the Association shall provide that the policies shall not be cancelled or substantially modified, for reason; without at least 30 days prior written notice to the Association, to the FHA or FNMA (if applicable), all of the insureds and all Eligible Mortgagees.
- 10.7 Owners Personal Insurance. Each Owner may obtain additional personal coverage at his or her own expense covering fire and other casualty to the Lot, the Dwelling, personal property or personal liability of said Owner. These items will not be covered by the Associations insurance, and such insurance is recommended. All insurance policies of Owners shall provide that they are without contribution as against that purchased by the Association.
- 10.8 <u>Waiver of Subrogation</u>. All policies of insurance shall contain waivers of subrogation by the insurer against the Association, or an Owner, members of the Owners household, officers or directors, as applicable, and if available waivers of any defense based on co-insurance or of invalidity from any acts of the insured.
- 10.9 <u>Annual Review of Policies</u>. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacements of the Common Area which may have been damaged or destroyed.
- 10.10 <u>No Contribution</u>. All policies of insurance maintained by the Association shall be the primary insurance, and may not be brought into contribution with any insurance purchased by Owners or Eligible Mortgagees.

COMPLIANCE AND REMEDIES

Each Owner and Occupant, and any other Person owning or acquiring any interest in the Property, shall be governed by the Governing Documents, the Rules and Regulations, the decisions of the Association, and such amendments thereto as may be made from time to time. 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.

- 11.1 Entitlement to Relief. The Association may commence legal action to recover sums due, for damages, for injunctive relief or to foreclose a lien owned by it, or any combination thereof, or an action for any other relief authorized by the Governing documents or available at law or in equity. Legal relief may be sought by the Association against any Owner, or by an Owner against the Association or another Owner, to enforce compliance with the Governing Documents, the Rules and Regulations, or the decisions of the Association. However, no Owner may withhold any assessments payable to the Association, or take (or omit) other action in violation of the Governing Documents, the Rules and Regulations, as a measure to enforce such Owner's position, or for any other reason.
- 11.2 <u>Sanctions and Remedies</u>. In addition to any other remedies or sanctions, expressed or implied, administrative or legal, the Association shall have the right, but not the obligation, to implement any one or more of the following actions against Owners and Occupants and/or their guests, who violate the provisions of the Governing Documents, the Rules and Regulations:
 - a. Commence legal action for damages or equitable relief in any court of competent jurisdiction.
 - b. Impose late charges of up to 15% of each late payment of an assessment or installment thereof.
 - c. In the event of default of more than 30 days in the payment of any assessment or installment thereof, all remaining installments of assessments assessed against the Lot owned by the defaulting Owner may be accelerated and shall then be payable in full, if all delinquent assessments, together with all costs of collection and late charges, are not paid in full prior to the effective date of the acceleration. Reasonable advance written notice of the effective date of the acceleration shall be given to the defaulting Owner.
 - d. Impose reasonable fines, penalties or charges for each violation of the Governing Documents or the Rules and Regulations of the Association.

- e. Restore any portions of the "facilities" 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 Lots.
- f. Enter on any Lot in which, or as to which, a violation or breach of the Governing Documents exists which materially affects, or is likely to materially affect in the near future, the health or safety of the other Owners or Occupants, or their guests, or the safety or soundness of any Dwelling or other part of the Property or the property of the Owners or Occupants, and to summarily abate and remove, at the expense of the offending Owner or Occupant, any structure, thing or condition in the Lot which is causing the violation, provided, that any improvements which are a part of a Lot may be altered or demolished only pursuant to a court order or with the agreement of the Owner.
- g. Foreclose any lien arising under the provisions of the Governing Documents or under law, in the manner provided for the foreclosure of mortgages by action or under a power of sale in the state where the Property is located.
- h. Take any other action permitted by the Governing Documents or by law.
- 11.3 Rights to Hearing. In the case or imposition of any of the remedies authorized by Subdivisions b, d or e of Section 11.2 above, the Board shall, upon written request of the offender, grant to the offender a fair and equitable hearing. The offender shall be given notice of the nature of the violation and the right to a hearing, and at least 10 days within which to request a hearing. The hearing shall be scheduled by the Board and held within thirty (30) days of receipt of the hearing request by the Board, and with at least five (5) days prior written notice to the offender. If the offending Owner fails to appear at the hearing then the right to a hearing shall be waived and the Board may take such action as it deems appropriate. The decision of the Board and the rules for the conduct of hearings established by the Board shall be final and binding on all parties. The Board's decision shall be delivered in writing to the offender within ten (10) days following the hearing, if not delivered to the offender at the hearing. Owners shall not be entitled to a hearing in the event the Association exercises remedies other than those provided for in Subdivisions b, d ore of Section 11.2 above.
- 11.4 <u>Lien for Charges, Penalties, Etc.</u> Any assessments, charges, fines, penalties or interest imposed under this Section shall be a lien against the Lot of the Owner or Occupant against whom the same are imposed and the personal obligation of such Owner in the same manner and with the same priority and effect as assessments under Section 6. The lien shall attach as of the date of imposition of the remedy, but shall not be final as to violations for which a hearing is held until the Board gives written notice following the hearing. All remedies shall be cumulative, and the

exercise of, or failure to exercise, any remedy shall not be deemed a waiver of the right to pursue any others.

- 11.5 <u>Costs of Proceeding and Attorney's Fees</u>. With respect to any collection measures, or any measures or action, legal, administrative or otherwise, which the Association takes to enforce the provisions of the Governing Documents or Rules and Regulations, whether or not finally determined by a court or arbitrator, the Association may assess the violator and his or her Lot with any expenses in connection with such enforcement, including without limitation fines or charges previously imposed by the Association, reasonable attorney's fees, and interest (at the highest rate allowed by law) on the delinquent amounts owed to the Association. Attorney's fees shall be available to the Association whether or not court action is necessary.
- 11.6 <u>Liability for Owners and Occupants Acts</u>. 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 Lot, 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 Lot.
- 11.7 Enforcement by Owners. The provisions of this Section shall not limit or impair the independent rights of other Owners to enforce the provisions of the Governing Documents or the Rules and Regulations. Individual Owners who take action to enforce the provisions of the Governing Documents or the Rules and Regulations shall also be entitled to attorney's fees and their costs incurred in such enforcement from the Owner(s) violating the Governing Documents or Rules and Regulations.

SECTION 12 SPECIAL DECLARANT RIGHTS

Notwithstanding anything in the governing Documents to the contrary, Declarant hereby reserves exclusive and unconditional authority to exercise the following special declarant rights for as long as it owns a Lot, or for such shorter period as may be specifically indicated:

12.1 <u>Complete Improvements</u>. To complete all the Lots and other improvements indicated on the Plat, or otherwise included in Declarant's development plans or allowed by the Declaration, and to make alterations in the Lots to accommodate its sales facilities.

- 12.2 <u>Add Additional Real Estate</u>. To add Additional Real Estate to the Property as described in Section 13 including adding Common Area(s) as the Declarant may describe in the Additional Real Estate.
- 12.3 <u>Relocate Boundaries and Alter Lots</u>. To relocate boundaries between Lots and otherwise alter Lots owned by it, to the extent permitted by Section 13.
- 12.4 <u>Sales Facilities</u>. To construct, operate and maintain a sales office, management office, model Lots/Dwellings and other development, sales and rental facilities within/on any Lots owned by Declarant from time to time, located anywhere on the Property.
- 12.5 <u>Signs</u>. To erect and maintain signs and other sales displays offering the Lots for sale or lease, in or on any Lot owned by Declarant.
- 12.6 <u>Easements</u>. To have and use easements, for itself, its employees, contractors, representatives, agents and prospective purchasers through for the purpose of exercising its special declarant rights.
- 12.7 <u>Control of Association</u>. To control the operation and administration of the Association, including without limitation the power to appoint and remove the members of the Board, until the earliest of: (i) voluntary surrender of control by Declarant, or (ii) an Association meeting which shall be held within 60 days after conveyance to Owners other than a Declarant of 85 % of the total number of Lots authorized to be included in the Property plus any additional real estate added to the Property pursuant to Section 13 of these Declarations, are sold.
- 12.8 <u>Consent to Amendments</u>. As long as Declarant owns any unsold Lot, Declarant's written consent shall be required for any amendment to the Governing Documents or Rules and Regulations.

SECTION 13 RIGHTS TO ADD ADDITIONAL REAL ESTATE RELOCATE LOT BOUNDARIES

- 13.1 <u>Declarant's Rights of Add Additional Real Estate</u>. Declarant hereby expressly reserves the right to add the Additional Real Estate to the Property, by unilateral action, subject to the following conditions:
 - a. The right of Declarant to add Additional Real Estate to the Property shall terminate only upon the express written withdrawal of such right by Declarant or a successor Declarant.

- b. Additional Real Estate may be added to the Property in parcels consisting of one or more platted lots, or portions thereof and Declarant may describe portions as Common Area to be maintained by the Association.
- c. There are no assurances as to the times at which all or any part of the Additional Real Estate will be added to the Property, the order in which it will be added, the number of parcels per phase nor the size of the parcels. Declarant is under no obligation to add the Additional Real Estate to the Property, and the Additional Real Estate may be developed by Declarant or its successors in interest for other purposes, subject only to approval by the appropriate governmental authorities.
- d. Any Lots, including Dwellings and other structures, created upon the Additional Real Estate, when and if added, shall be compatible with the other Dwellings, Structures and Lots which are part of the Property in terms of architectural style, quality of construction, principal materials employed in construction and size; subject (i) to any changes required by governmental authorities or lenders; and (ii) to any changes deemed necessary by Declarant, in Declarant's sole discretion, to meet changes in the market.
- e. All covenants and restrictions contained in this Declaration affecting the use, occupancy and alienation of Lots shall apply to all Lots created on the Additional Real Estate which is added to the Property in accordance with this Section.
- f. Additional Real Estate shall only be added to the Property and made subject to this Declaration by Declarant fling of record a written notice indicating the addition to the Property of the Additional Real Estate. None of the conditions or agreements in this Declaration shall apply to any of the Additional Real Estate unless and until such written notice is filed of record.
- 13.2 <u>Rights to Relocate Boundaries</u>. The boundaries between adjoining Lots may be relocated upon consent of the Owners of the affected Lots and by the Association.

SECTION 14 AMENDMENTS

This Declaration may be amended by the consent of (i) Owners of Lots to which are allocated at least eighty-five percent (85 %) of the votes the Association, (ii) the percentage of Eligible Mortgagees (based upon one vote per first mortgage owned) required by Section 15 as to matters prescribed by said Section and (iii) the consent of Declarant to certain amendments as provided in Section 12.8. Consent of the Owners may be obtained in writing or at a meeting

of the Association duly held in accordance with the By-laws. Consents of Eligible Mortgagees and the Declarant shall be in writing. The Amendment shall be effective when recorded. An affidavit by the Secretary of the Association as to the outcome of the vote, or the execution of the foregoing agreements or consents, shall be adequate evidence thereof for all purposes, including without limitation, the recording of the amendment.

SECTION 15 RIGHTS OF ELIGIBLE MORTGAGEES

Notwithstanding, anything to the contrary in the Governing Documents, and subject to any requirements of the law, Eligible Mortgagees shall have the following rights and protection:

- 15.1 Consent to Certain Amendments. The written consent of Eligible Mortgagees representing at least fifty-one percent (51 %) of the Lots that are subject to first mortgages held by Eligible Mortgagees (based upon one Vote per first mortgage owned) shall be required for any amendment to the Governing Documents which causes any change in the following: (i) voting rights, (ii) increases in assessments exceeding 25% of the previous year's assessments, assessment liens or priority of assessment liens; (iii) reductions in reserves for maintenance, repair and replacement of the facilities; (iv) responsibility for maintenance and repairs; (v) redefinition of any Lot boundaries; (vi) expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property (vii) reduction in hazard or fidelity insurance requirements; (viii) leasing of Lots; (ix) imposition or any restrictions on an Owner's right to sell or transfer his or her Lot/Dwelling; (x) a decision by the Association to establish selfmanagement if a professional management agent had been previously required by an Eligible Mortgagee, or (xi) restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents; (xii) any action to terminate the legal status of the Association after substantial destruction or condemnation occurs; or (xiii) any provisions that expressly benefit Eligible Mortgagee, or insurers or guarantors of mortgages.
- 15.2. Consent to Certain Actions. The written consent of Eligible Mortgagees representing at least sixty-seven percent (67%) of the Lots that are Subject to first mortgages held by Eligible Mortgagees (based upon one vote per first mortgage owned) shall be required to (i) abandon or terminate the Association; (ii) change the allocations or voting rights; (iii) partition or subdivide a Lot; (iv) abandon, partition, subdivide or encumber; or (v) use hazard products for other than the repair, replacement or reconstruction of the Property, except as otherwise provided by law.
- 15.3 <u>No Right of First Refusal</u>. The right of an Owner to sell, transfer or otherwise convey his or her Lot shall not be subject to any right of first refusal or similar restrictions.

- 15.4 <u>Priority of Lien</u>. Any holder of a first mortgage on a Lot or any purchaser of a first mortgage at a foreclosure sale, that comes into possession of a Lot by foreclosure of the first mortgage or by deed or assignment in lieu of foreclosure, takes the Lot free of any claims for unpaid assessments or any other charges or liens Imposed against the Lot by the Association which have accrued against such Lot prior to the acquisition or possession of the Lot by said first mortgage holder or purchaser: (i) except as provided in Section 6. 7; and (ii) except that any unreimbursed assessments or charges may be reallocated among all Lots in accordance with their interests in the Association.
- 15.5 <u>Priority of Taxes and Other Charges</u>. All taxes, assessments and charges which may become liens prior to the first mortgage under state law shall relate only to the individual Lots and not to the Property as a whole.
- 15.6 <u>Priority for Condemnation Awards</u>. No provision of the Governing Documents shall give an Owner, or any other party priority over any rights of the Eligible Mortgagee of the Lot 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 Lot. 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.
- 15.7 <u>Requirements Management Agreements</u>. The term of any agreement for professional management of the Property may not exceed two (2) years. Any such agreement must provide at a minimum for termination without penalty or termination fee by either party, (I) with cause upon thirty (30) days prior written notice, and without upon ninety (90) days prior written notice.
- 15.8 Access to Books and Records/Audit. Eligible Mortgagees shall have the right to examine the books and records of the Association upon reasonable notice during normal business hours, and to receive free of charge, upon written request, copies of the Association's annual reports and other financial statements. Financial statements, including those which are audited, shall be available within one hundred twenty (120) days of the end of the Association's fiscal year. If a request is made by FNMA or any institutional guarantor or insurer of a mortgage loan against a Lot, for an audit of the Association's financial statements for the preceding year, the Association shall cause an audit to be made and deliver a copy to the party.
- 15.9 <u>Notice Requirements</u>. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor of a mortgage on a Lot, and the Lot number or address, the holder, insurer or guarantor shall be entitled to timely written notice of:
 - a. a condemnation loss or any casualty loss which affects a material portion of the Property or the Lot securing, the mortgage;

- b. a 60 day delinquency in the payment of assessments or charges owed by the Owner of a Lot on which it holds a mortgage;
- c. a lapse, cancellation or material modification of any insurance policy by the Association; and
- d. a proposed action which requires the consent or a specified percentage of Eligible Mortgagees.

SECTION 16 MISCELLANEOUS

- 16.1. <u>Severability</u>. If any term, covenant, or provision of this instrument or any exhibit attached hereto is held to be invalid or unenforceable for any reason whatsoever, such determination shall not be deemed to alter, affect or impair in any manner whatsoever any other portion of this instrument or exhibits.
- 16.2 <u>Construction</u>. 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.
- 16.3. <u>Tender of Claims</u>. In the event that any incident occurs which could reasonably give rise to a demand by the Association against Declarant for indemnification, the Association shall promptly tender the defense of the action to its insurance carrier, and give Declarant written notice of such tender, the specific nature of the action and an opportunity to defend against the action.
- 16.4 <u>Notices</u>. Unless specifically provided otherwise in the Governing Documents, all notices required to be given by or to the Association, the Board of Directors, the Association officers or the Owners or Occupants shall be in writing and shall be effective upon hand delivery, or mailing if properly addressed with postage prepaid and deposited in the United States mail; except that registrations pursuant to Section 2.2 of the By-laws shall be effective upon receipt by the Association.

16.5 <u>Conflicts among Documents</u>. In the event of any conflict among the provisions, the Declaration, Bylaws and Rules and Regulations, the Declaration shall control, and as between the By-laws and the Rules and Regulations, the Bylaws shall control.

IN WITNESS WHEREOF, the undersigned has executed this instrument the day and year first set forth.

OWN Ovation, LLC

BY:

STATE OF MINNESOTA, COUNTY OF BLUE EARTH

The foregoing instrument was acknowledged before me this <u>21st</u> day of <u>July</u>, 2015, by Cheryl JM Freitag, the <u>Chief Manager</u>, of OWN Ovation, LLC, a Minnesota limited liability company, on behalf of the company.

Haren Harschnik Notary Public

THIS INSTRUMENT WAS DRAFTED BY: Wade H. Abed, II Knutson+Casey, PLLP 196 St. Andrews Drive, Ste 100 Mankato, MN 56001 507.344.8888

EXHIBIT "A"

Dancing Waters Homeowner's Association

PROPERTY LEGAL DESCRIPTION

Dancing Waters, City of Mankato, County of Blue Earth, State of Minnesota

LOTS | PARCELS

Block 4 Lot 9
Block 4 Lot 10
Block 4 Lot 11
Block 4 Lot 12
Block 4 Lot 13
Block 4 Lot 14
Block 4 Lot 15
Block 4 Lot 16
Block 4 Lot 17
Block 4 Lot 18
Block 4 Lot 19
Block 4 Lot 20
Block 4 Lot 21
Block 4 Lot 21

Block 5 Lot 1
Block 5 Lot 2
Block 5 Lot 3
Block 5 Lot 4
Block 5 Lot 5
Block 5 Lot 6
Block 5 Lot 7
Block 5 Lot 8
Block 5 Lot 9
Block 5 Lot 10
Block 5 Lot 11
Block 5 Lot 12
Block 5 Lot 13
Block 5 Lot 14
Block 5 Lot 15
Block 5 Lot 16
Block 5 Lot 17
Block 5 Lot 18

EXHIBIT "B"

Dancing Waters Homeowner's Association ADDITIONAL PROPERTY LEGAL DESCRIPTION

City of Mankato, County of Blue Earth, State of Minnesota

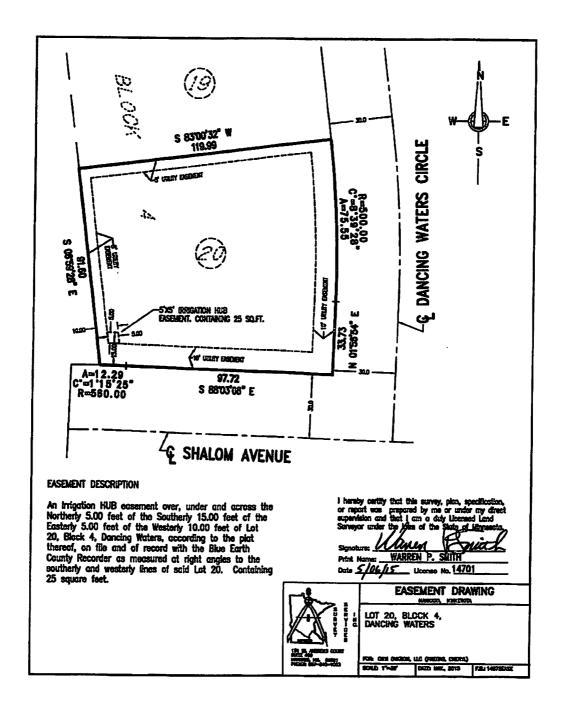
Outlot B and Outlot C of Dancing Waters, City of Mankato, County of Blue Earth, State of Minnesota.

EXHIBIT "C"

Dancing Waters Homeowner's Association IRRIGATION HUB EASEMENT

City of Mankato, County of Blue Earth, State of Minnesota

An irrigation HUB easement over, under and across the Northerly 5.00 feet of the Southerly 15.00 feet of the Easterly 5.00 feet of the Westerly 10.00 feet of Lot 20, Block 4, Dancing Waters, according to the plat thereof on file and of record with the Blue Earth County Recorder as measured at right angles to southerly and westerly lines of said Lot 20. Containing 25 square feet.



BY-LAWS OF DANCING WATERS ASSOCIATION

BYLAWS

ARTICLE I

NAME AND LOCATION

The name of this corporation is Dancing Waters Homeowner's Association, hereinafter referred to as the "Association". The principal office of the Association shall be located at 4608 Eastwood Court, Madison Lake, Minnesota 56063, or at such other place within the State of Minnesota as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

"Additional Real Estate" shall mean the real property, including all improvements located thereon now or in the future, and all easements and rights appurtenant thereto, which property Declarant has the right to add to the Subject Property located in Blue Earth County, Minnesota.

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

"Association" shall mean and refer to Dancing Waters Homeowner's Association, a Minnesota non-profit corporation, its successors and assigns.

"Declarant" shall mean and refer to OWN Ovation, LLC, a Minnesota limited liability company, and its successors and assigns.

"Declaration" shall mean and refer to	the Declaration of Covenants, Conditions and Restrictions	S
applicable to the Subject Property originally re	corded in the Office of the County Recorder within and	
for Blue Earth County, Minnesota on	2015, as Document NoCR	

"Dwelling" shall mean and refer to any house or appurtenant structure constructed upon a Lot intended for use and occupancy as a residence by a single family.

"Governing Documents" shall mean and refer to the Declaration, the Articles and these By-Laws.

"Member" shall mean and refer to all Owners who are Members of the Association as provided in the Declaration.

"Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot. Provided, however, that if the Owner of a Lot transfers the same by contract for deed, unless the contract for deed provides otherwise, the vendee under the contract for deed shall be deemed to be the Owner for purposes of this Declaration. "Lot" shall mean any platted lot subject to the Declaration upon which a Dwelling is located or intended to be located, as shown on the Dancing Waters Plat, including all improvements thereon.

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

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings.

The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the date selected by the Board of Directors thereafter, at the hour of 7:00 p.m. If the day for an annual meeting is a legal holiday, the meeting shall be held at the same hour on the first day following which is not a legal holiday. At each annual meeting, there shall be, at a minimum, (i) an election of successor directors for those directors whose terms have expired, (ii) a report on the activities and financial condition of the Association, and (iii) consideration of and action on any other matters included in the notice of meeting.

Section 2. Special Meetings.

Special meetings of the Members may be called at any time by the President or by the Board of Directors and must be called by the President in any event upon receipt of a written request for a special meeting signed by twenty percent (20%) of the Members entitled to vote or upon written request of any of the first mortgagees holding mortgages on the Subject Property.

Section 3. Special Meeting upon Termination of the Declarant Control Period.

Upon termination of the Declarant Control Period, a special meeting of the Members shall be held upon a call issued by the Declarant. All of the officers and directors of the Association appointed by the Declarant shall resign at the first meeting of the Members and thereafter the Members shall elect successors for said directors.

Section 4. Notices.

Notice of all meetings of the Members, stating the date, time, place complete agenda thereof, and the procedure for appointment of proxies, shall be given by the President or Secretary unless waived in writing. Such notice shall be in writing and shall be delivered by hand or sent by prepaid United States Mail to each Member at the Member's address as it appears on the books of the Association. Notices shall be mailed not less than twenty-one (21) days nor more than thirty (30) days in advance of any annual meeting, and not less than seven (7) days nor more than thirty (30) days in advance of any special meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. The notice of the meeting may be waived before or after such meeting.

Section 5. Quorum.

The presence at the meeting of Members, either in person or by proxy, entitled to cast two-thirds (2/3) of the votes of the Association shall constitute a quorum for any action except as otherwise provided in the Governing Documents. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote at that meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6. Proxies.

At all meetings of Members, each Member may vote, in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE

Section 1. First Board of Directors.

The first Directors shall serve until the first annual meeting of the Members or until their successors have been duly elected and qualified. The Declarant shall have the sole right to appoint and remove members of the Board of Directors until the earlier of:

- a. Five (5) years after the date of the first conveyance of a Lot to an Owner other than Declarant;
- b. The conveyance of seventy-five percent (75%) of the Lots to Owners other than the Declarant;
- c. Declarant's voluntary surrender of control by giving written notice to the Lot Owners (the "Termination of Declarant Control").

Provided, however, that no later than sixty (60) days after the conveyance of fifty percent (50%) of the Lots to Owners other than Declarant, at least one (1) member of the Board of Directors shall be elected by Owners other than Declarant at a special meeting of the Owners to be held for such purpose. Upon Termination of Declarant Control, at a meeting of the Owners called by the secretary of the Association, the Owners shall elect a Board of Directors of not fewer than three (3) members of the number of directors set forth herein as amended from time to time.

At the special meeting of Owners after conveyance of fifty percent (50%) of the Lots, the Owners other than Declarant shall elect one (1) director for an initial term of one (1) year, and the Declarant shall appoint the remaining two (2) directors. Thereafter, at the expiration of the term of office of each director, a successor shall be elected to serve for a term of three (3) years. The directors shall hold office until their respective successors have been elected and installed.

Section 2. Number and Qualifications of Directors.

The initial Board of Directors shall consist of three natural persons. The second Board of Directors and all successive Boards shall consist of three, five, or seven members, as determined by the Board of

Directors, all of whom are holders of an interest in at least one of the Lots, or, in the case of the Declarant, a representative of the Declarant.

Section 3. Nomination of Directors.

Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting (or a special meeting called for the election of Directors). The Nominating Committee shall consist of a Chairperson, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 4. Election.

Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. Term.

The term of each Director, other than the first Directors and the Directors elected at the First Special Election and the Second Special Election (as defined in the Articles), shall extend to the next annual meeting of the Members after the annual meeting at which the Director was elected and until the Director's successor has been duly elected and has qualified.

Section 6. Removal.

Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor.

Section 7. Compensation.

No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his or her duties.

Section 8. Action Taken Without a Meeting.

The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings.

Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph, email at least three (3) days prior to the day designated for such meeting unless such notice is waived.

Section 2. Special Meetings.

Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of one (1) Director. Not less than three (3) days' notice of such special meeting shall be given personally or by mail, telephone or telegraph, email, which notice shall state the time, place and purpose of such meeting.

Section 3. Waiver of Notice.

Any Director may waive notice of a meeting, either regular or special, before or after such meeting, and such waiver shall be deemed equivalent to the giving of notice.

Section 4. Quorum.

Two (2) Directors, or if there are a total of seven (7) Directors, then three (3) Directors, shall constitute a quorum for the transaction of business at any meeting of the Board.

Section 5. Adjournment When Quorum Lacking.

If at any meeting of the Board of Directors there shall be only one (1) Director present, that Director may adjourn the meeting from time to time until a quorum is present. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

Section 6. Manner of Action.

Each Director shall be entitled to one (1) vote, and the act of a majority of the Directors present at a meeting at which a quorum is present shall constitute the act of the Board of Directors unless the act of a greater number is required by these Bylaws.

Section 7. Board Meeting Open to Members.

Except as otherwise provided in this section, meetings of the Board of Directors shall be open to Members. The Board shall give reasonable notice to Members of the date, time, and place of each Board Meeting. No notice need be given to Members if: (i) the date, time, and place of meeting were announced at a previous Board meeting; (ii) the date, time, and place of the meeting were posted in a location

accessible to Members and designated by the Board from time to time; or (iii) if an emergency requires immediate consideration of a matter by the Board. Meetings may be closed to Members to discuss the following: (1) personnel matters; (2) pending or potential litigation, arbitration or other potentially adversarial proceedings between Members, between the Board or the Association and Members, or other matters in which any Member may have an adversarial interest, if the Board determines that closing the meeting is necessary to discuss strategy or otherwise to protect the position of the Board or the Association or the privacy of a Member or occupant of a Lot; or (3) criminal activity arising within the Community if the Board determines that closing the meeting is necessary to protect the privacy of the victim or that opening the meeting would jeopardize any investigation of the activity.

ARTICLE VI THE BOARD OF DIRECTORS: POWERS, DUTIES AND RESTRICTIONS

Section 1. Powers.

The Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations governing the use of the facilities and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) impose a fine not to exceed Ten Dollars (\$10.00) for each infraction of its published rules and regulations, each day during which infractions exist being deemed a separate and distinct infraction;
- exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of the Governing Documents;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ a manager, an independent contractor or such other employees, as they deem necessary, and to prescribe their duties; provided, however, that any agreement for professional management of the Subject Property, or any other contract providing for services by the Declarant, shall provide for termination by either party without cause or payment of a termination fee on ninety (90) days or less written notice and a maximum contract term of two (2) years.

Section 2. Duties.

It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested by one-fourth of the members entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and see that their duties are properly performed;
- (c) as more fully provided in the Declaration:
 - (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or bring an action at law against the Owner personally obligated to pay the same;
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate and in accordance with the Declaration;
- (g) cause the monuments, pond fountain and associated landscape, Irrigation HUB located on Lot 20; Block 4 and exterior of the Lots and Dwellings to be maintained as set forth in the Declaration.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices.

The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, a Treasurer and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers.

The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term.

The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise become disqualified to serve.

Section 4. Special Appointments.

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time determine.

Section 5. Resignation and Removal.

Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies.

A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7. Multiple Offices.

The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to section 4 of this Article.

Section 8. Duties.

The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice President

(b) The Vice President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act and shall exercise and discharge such other duties as may be required by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Association; keep proper books of account; and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meetings, and deliver a copy of each to the Members.

ARTICLE VIII BOOKS AND RECORDS

The Association shall keep adequate records of its membership, minutes of Members' meetings, minutes of Board of Directors meetings, committee meetings, contracts, leases and other agreements to which the Association is a party, and material correspondence and memoranda relating to its operations, and financial records sufficiently detailed to enable the Association to prepare the annual report and to comply with all applicable laws. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member and by any first mortgagee of a Lot. The Governing Documents shall be available, during reasonable business hours, for inspection by any Member and by any first mortgagee of a Lot at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE IX

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments all of which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien and interest, costs, and reasonable attorneys' fees in any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of such Owner's Lot and/or Dwelling.

Annual assessments shall be due and payable in monthly installments via ACH bank withdrawals in advance on the first day of each month of the year or payment in full for full year in advance if not using ACH bank withdrawals, and special assessments shall be due when designated by the Board of Directors. All Owners shall be absolutely and unconditionally obligated to pay the assessments. No Owner or Occupant shall have any right of withholding, offset or deduction against the Association with respect to any assessment, or related charge or cost of collection, regardless of any claims alleged against the Association or its officers or directors. Any rights or claims alleged by an Owner may be pursued only by separate action.

At the closing, Purchaser will pay to the Association an assessment for working capital in an amount equal to two (2) months projected Common Expense assessments for the lot/dwelling purchased. Such assessment is to be used to provide a working capital reserve fund for the Association. The assessment is neither refundable, nor is it to be considered an advance payment of monthly assessments. The estimate of the monthly Common Expenses assessable to the lot/dwelling Purchaser is buying and the working capital assessment required by the Purchase Agreement is detailed in the documentation annexed hereto. Also, Purchaser shall pay to the Association at closing the full Common Expense assessment for the month succeeding the closing. In addition, the Purchaser shall pay the Association at closing \$100 fee to create a new Member account.

ARTICLE X

INSURANCE

- (a) General. Any insurance the Association obtains and/or maintains shall be issued by a reputable insurance company or companies authorized to do business in the State of Minnesota.
- (b) Comprehensive Public Liability Insurance. The Association shall maintain at a minimum, comprehensive public liability insurance covering the use, operation and maintenance of the Irrigation HUB Easement area, with minimum limits of \$1,000,000 per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. 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. The policy shall include such additional endorsements, coverages and limits with respect to such hazards as may be required by the regulations of the FHA or FNMA as a precondition to their insuring purchasing or financing a mortgage on a Lot.
- (c) Fidelity Bond. If deemed advisable by the Board or if regulations of the FHA or FNMA as a precondition to the purchase or financing of a mortgage on a Lot, the Association may maintain a fidelity bond for 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. The fidelity bond or insurance shall name the Association as the named insured.
- (d) Other. The Association shall maintain workers compensation insurance where applicable. The Association may maintain such other insurance as the Board may determine from time to time to be in

the best interests of the Association and the Owners. The Association may enter into binding agreements with a mortgagee, insurer or servicer, including without limitation FHA or FMNA, obligating the Association to keep certain specified coverages and endorsements in effect.

- (e) Premiums; Improvements; Deductibles. All insurance premiums shall be assessed and paid as a Common Expense. The insurance will not cover property loss or damage to Dwellings or Lots.
- (f) Owner's Personal Insurance. Each Owner may obtain additional personal coverage at his or her own expense covering fire and other casualty to the Lot, the Dwelling, personal property or personal liability of said Owner. These items will not be covered by the Associations insurance, and such insurance is recommended. All insurance policies of Owners shall provide that they are without contribution as against that purchased by the Association.
- (g) Waiver of Subrogation. All policies of insurance shall contain waivers of subrogation by the insurer against the Association, or an Owner, members of the Owners household, officers or directors, as applicable, and if available waivers of any defense based on co-insurance or of invalidity from any acts of the insured.
- (h) No Contribution. All policies of insurance maintained by the Association shall be the primary insurance, and may not be brought into contribution with any insurance purchased by Owners or Eligible Mortgagees.
- (i) Cancellation; Notice of Loss. All policies or comprehensive liability insurance maintained by the Association shall provide that the policies shall not be cancelled or substantially modified, for reason, without at least 30 days prior written notice to the Association, to the FHA or FNMA (if applicable), all of the insureds and all Eligible Mortgagees.

ARTICLE XI NO CORPORATE SEAL

There shall be no corporate seal.

ARTICLE XII AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, provided that such additional consent required by Article XII of the Declaration is obtained, and provided that during the Declarant

Control Period, both the Declarant (and the Federal Housing Administration if it has insured loans against any Lots/Dwellings) shall have the right to veto amendments.

Section 2. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws; the Declaration shall control.

ARTICLE XIII MISCELLANEOUS

Section 1. Fiscal Year.

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. Financial Statement.

A review of the Association's financial statements shall be made at the end of the Association's fiscal year, unless prior to thirty (30) days after the end of that fiscal year, at a meeting or by mailed ballot, Members to which at least thirty percent (30%) of the votes in the Association are allocated vote to waive the review requirement for that fiscal year. A waiver vote shall not apply to more than one fiscal year and shall not affect the Board's authority to cause a review or audit to be made. The review shall be made by a independent certified public accountant licensed to do business in the State of Minnesota and shall be prepared in accordance with generally accepted accounting principles. The financial statements shall be presented on a full accrual basis using an accounting format that separates operating activity from replacement reserve activity. The financial statements shall be delivered to all Members within 120 days of the end of the fiscal year.

Section 3. Annual Report.

An annual report shall be prepared by the President or Treasurer and shall be provided to each member at or prior to the annual meeting of members. The annual report shall contain: (1) a statement of any capital expenditures in excess of two percent (2%) of the current budget or \$5,000, whichever is greater, approved by the Association for the current fiscal year and for the succeeding two fiscal years; (2) a statement of the Association's total reserves, the components of the Community for which the reserves are set aside, and the amount of the reserves, if any, that the Board has allocated for the replacement of each of those components; (3) a copy of the statement of revenues and expenses for the Association's last fiscal year, and a balance sheet as of the end of said fiscal year; (4) a statement of the status of any pending litigation or judgments to which the Association is a party; (5) a detailed description of the insurance coverage provided by the Association including a statement as to what is covered; (6) a statement of the total past due assessments on all Lots, current as of not more than sixty (60) days prior to the date of the annual meeting; and (7) any other matter which the officers or directors of the Association deem appropriate.

Section 4. Committees.

The Association shall appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of said Dancing Waters Homeowner's Association, a Minnesota non-profit corporation, and that the foregoing Bylaws constitute the Bylaws of said Dancing Waters Homeowner's Association as duly adopted at a meeting of the Members thereof held on May 5, 2015.

THIS INSTRUMENT WAS DRAFTED BY:
Wade H. Abed II (#0391805)
Knutson+Casey Law Firm
196 St. Andrews Dr., Suite 100
Mankato, MN 56001
507-344-8888
wade@knutsoncasey.com

/s/Cheryl JM Freitag
Cheryl JM Freitag, Secretary & Treasurer

A typed name in the space(s) above for the signature is legally considered a signature under Minnesota Statutes, §§ 325L.02, clause (h) and 325L.07, clause (d).

ORGANIZATIONAL RESOLUTIONS OF THE BOARD OF DIRECTORS

OF

DANCING WATERS HOMEOWNER'S ASSOCIATION, INC. ADOPTED WITHOUT MEETING

The undersigned, constituting all members of the first Board of Directors of Dancing Waters Homeowner's Association, Inc., a Minnesota nonprofit corporation, do hereby adopt the following organizational resolutions in writing pursuant to Minnesota Statutes sections 317A.171 and 317A.239.

1. Articles of Incorporation

RESOLVED, that the Articles of Incorporation of this corporation, filed with the Minnesota Secretary of State on May 6, 2015, are adopted and approved.

RESOLVED FURTHER, that when and as received from the Minnesota Secretary of State, the original Articles of Incorporation and the Certificate of Incorporation shall be inserted in the corporation's minute book and made a permanent part of its records.

2. Bylaws

RESOLVED, that the form of Bylaws reviewed by the undersigned are adopted as the Bylaws of this corporation; and the Secretary of this corporation, following election to office, shall certify to such adoption as of this date.

RESOLVED FURTHER, that the certified original of the Bylaws shall be inserted in the corporation's minute book and made a permanent part of its records.

3. Rules

RESOLVED, that the form of Declaration of Restrictive Covenants (Rules and Regulations) reviewed by the undersigned are adopted as the Declaration of Restrictive Covenants (Rules and Regulations) of this corporation; and the Secretary of this corporation, following election to office, shall certify to such adoption as of this date.

RESOLVED FURTHER, that a copy of the Declaration of Restrictive Covenants (Rules and Regulations) shall be made a permanent part of the corporation's records.

4. Officers

RESOLVED, that all formalities pertaining to the nomination and election of the corporation's officers are waived and the following person is elected to the position(s) set forth after his or her name, to hold such position(s) until the election and qualification of his or her successors or until his or her earlier death, resignation, removal or disqualification:

Name & Address	Title(s)
Cheryl JM Freitag 4608 Eastwood Ct. Madison Lake, MN 56063–8602	Secretary and Treasurer
Nicholas Freitag 4608 Eastwood Ct. Madison Lake, MN 56063-8602	President
William Freitag 1512 7th Avenue South Saint James, MN 56081	Vice President

RESOLVED FURTHER, that all actions of the above named individuals previously taken on behalf of this corporation in anticipation of election as officers of this corporation are ratified, confirmed and approved.

5. Organizational Expenditures

RESOLVED, that the officers of this corporation are authorized to pay all charges and expenses arising out of the organization of this corporation and to reimburse any persons who have made any disbursements therefor.

6. Banking

RESOLVED, that the resolutions appearing upon the certificate of resolutions form provided by the bank designated as this corporation's depository, a copy of which is attached, are adopted, and each of the persons named therein are authorized and empowered to sign checks and other orders for withdrawals of funds and to take such other actions as are in accordance with the terms of such resolutions.

Dated and effective as of May 6,	2015.
/s/Cheryl JM Freitag	
Cheryl JM Freitag	
/s/Nick Freitag	
Nicholas Freitag	
/s/William Freitag	
William Eroitag	

A typed name in the space(s) above for the signature is legally considered a signature under Minnesota Statutes, §§ 325L.02, clause (h) and 325L.07, clause (d).

Office of the Minnesota Secretary of State Certificate of Incorporation

I, Steve Simon, Secretary of State of Minnesota, do certify that: The following business entity has duly complied with the relevant provisions of Minnesota Statutes listed below, and is formed or authorized to do business in Minnesota on and after this date with all the powers, rights and privileges, and subject to the limitations, duties and restrictions, set forth in that chapter.

The business entity is now legally registered under the laws of Minnesota.

Name: Dancing Waters Homeowner's Association

File Number: 825433500025

Minnesota Statutes, Chapter: 317A

This certificate has been issued on: 05/06/2015

Oteve Pinnon Steve Simon

Secretary of State State of Minnesota

Office of the Minnesota Secretary of State

Minnesota Nonprofit Corporation/Articles of Incorporation

Minnesota Statutes, 317A

The individual(s) listed below who is (are each) 18 years of age or older, hereby adopt(s) the following Articles of Incorporation:



Article 1 CORPORATE NAME:

Dancing Waters Homeowner's Association

Article 2 REGISTERED OFFICE AND AGENT(S), IF ANY AT THAT OFFICE:

Name

Address:

4608 Eastwood Ct Madison Lake MN 56063 USA

Article 3 INCORPORATOR(S):

Name:

Address:

Cheryl Freitag

4608 Eastwood Ct Madison Lake MN 56063

DURATION: PERPETUAL

If you submit an attachment, it will be incorporated into this document. If the attachment conflicts with the information specifically set forth in this document, this document supersedes the data referenced in the attachment.

By typing my name, I, the undersigned, certify that I am signing this document as the person whose signature is required, or as agent of the person(s) whose signature would be required who has authorized me to sign this document on his/her behalf, or in both capacities. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

SIGNED BY: cheryl freitag

MAILING ADDRESS:

None Provided

EMAIL FOR OFFICIAL NOTICES:

oriondevelopment@rocketmail.com



Work Item 825433500025 Original File Number 825433500025

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
FILED
05/06/2015 11:59 PM

Steve Simon Secretary of State

Oteve Vimm

Date of this notice: 06-26-2015

Employer Identification Number:

47-4381979

Form: SS-4

Number of this notice: CP 575 A

DANCING WATERS HOMEOWNERS ASSOCIATION 4608 EASTWOOD CT MADISON LAKE, MN 56063

For assistance you may call us at: 1-800-829-4933

IF YOU WRITE, ATTACH THE STUB AT THE END OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 47-4381979. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear off stub and return it to us.

Based on the information received from you or your representative, you must file the following form(s) by the date(s) shown.

Form 1120H

03/15/2016

If you have questions about the form(s) or the due date(s) shown, you can call us at the phone number or write to us at the address shown at the top of this notice. If you need help in determining your annual accounting period (tax year), see Publication 538, Accounting Periods and Methods.

We assigned you a tax classification based on information obtained from you or your representative. It is not a legal determination of your tax classification, and is not binding on the IRS. If you want a legal determination of your tax classification, you may request a private letter ruling from the IRS under the guidelines in Revenue Procedure 2004-1, 2004-1 I.R.B. 1 (or superseding Revenue Procedure for the year at issue). Note: Certain tax classification elections can be requested by filing Form 8832, Entity Classification Election. See Form 8832 and its instructions for additional information.

IMPORTANT INFORMATION FOR S CORPORATION ELECTION:

If you intend to elect to file your return as a small business corporation, an election to file a Form 1120-S must be made within certain timeframes and the corporation must meet certain tests. All of this information is included in the instructions for Form 2553, Election by a Small Business Corporation.

If you are required to deposit for employment taxes (Forms 941, 943, 940, 944, 945, CT-1, or 1042), excise taxes (Form 720), or income taxes (Form 1120), you will receive a Welcome Package shortly, which includes instructions for making your deposits electronically through the Electronic Federal Tax Payment System (EFTPS). A Personal Identification Number (PIN) for EFTPS will also be sent to you under separate cover. Please activate the PIN once you receive it, even if you have requested the services of a tax professional or representative. For more information about EFTPS, refer to Publication 966, Electronic Choices to Pay All Your Federal Taxes. If you need to make a deposit immediately, you will need to make arrangements with your Financial Institution to complete a wire transfer.

The IRS is committed to helping all taxpayers comply with their tax filing obligations. If you need help completing your returns or meeting your tax obligations, Authorized e-file Providers, such as Reporting Agents (payroll service providers) are available to assist you. Visit the IRS Web site at www.irs.gov for a list of companies that offer IRS e-file for business products and services. The list provides addresses, telephone numbers, and links to their Web sites.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at www.irs.gov. If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.

IMPORTANT REMINDERS:

- * Keep a copy of this notice in your permanent records. This notice is issued only one time and the IRS will not be able to generate a duplicate copy for you. You may give a copy of this document to anyone asking for proof of your EIN.
- * Use this EIN and your name exactly as they appear at the top of this notice on all your federal tax forms.
- * Refer to this EIN on your tax-related correspondence and documents.

If you have questions about your EIN, you can call us at the phone number or write to us at the address shown at the top of this notice. If you write, please tear off the stub at the bottom of this notice and send it along with your letter. If you do not need to write us, do not complete and return the stub.

Your name control associated with this EIN is DANC. You will need to provide this information, along with your EIN, if you file your returns electronically.

Thank you for your cooperation.

(IRS USE ONLY) 575A 06-26-2015 DANC B 999999999 SS-4

Keep this part for your records.

CP 575 A (Rev. 7-2007)

Return this part with any correspondence so we may identify your account. Please correct any errors in your name or address.

CP 575 A

999999999

Your Telephone Number Best Time to Call DATE OF THIS NOTICE: 06-26-2015 () -

EMPLOYER IDENTIFICATION NUMBER: 47-4381979

_ FORM: SS-4

NOBOD

INTERNAL REVENUE SERVICE CINCINNATI OH 45999-0023

DANCING WATERS HOMEOWNERS ASSOCIATION 4608 EASTWOOD CT MADISON LAKE, MN 56063