

DECLARATION
TAPESTRY AT CHARLOTTE'S GROVE

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County Recorder
Washington County, MN

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WASHINGTON COUNTY, MINNESOTA

July 1, 2005

MOLLY F. BROURKE, AUDITOR-TREASURER

BY *Trinda M. Dyer* DEPUTY

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DECLARATION OF COVENANTS,
EASEMENTS AND RESTRICTIONS

Box LTI 254684 ^①
BOX # 147

TAPESTRY AT CHARLOTTE'S GROVE

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This Declaration of Covenants, Easements and Restrictions (the "Declaration") is made in Washington County, Minnesota, as of the 24th day of June, 2005, by St. Croix Farms, LLC, a Minnesota limited liability company (the "Developer"), for the purpose of establishing Tapestry at Charlotte's Grove as a single-family residential housing community.

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

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

WHEREAS, the Property is not subject to Minnesota Statutes Chapter 515B by reason of the exemption contained in Section 515B 1-102(e)(2) thereof, and is not subject to a master association as defined in said Chapter 515B.

THEREFORE, Developer makes this Declaration and submits the Property to this Declaration as a residential community under the name "Tapestry at Charlotte's Grove" consisting of the Lots referred to in Section 2, declaring that this Declaration shall constitute covenants to run with the Property, and that the Property, and all real estate added thereto, shall be owned, used, occupied and conveyed subject to the covenants, restrictions, easements and charges set forth herein, all of which shall run with the land and be binding upon all Persons owning or acquiring any right, title or interest therein, and their heirs, personal representatives, successors and assigns.

SECTION 1

DEFINITIONS

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

- 1.1 **"Act"** means Minnesota Statutes Chapter 317A, as amended, known as the Minnesota Nonprofit Corporation Act.
- 1.2 **"Architectural Control Committee" or "A.C.C."** means that permanent committee of the Association, created for the purpose of establishing and enforcing certain criteria for the construction and modification of improvements on the Property.
- 1.3 **"Assessments"** means all Assessments levied by the Association pursuant to Section 6 of this Declaration, including annual Assessments, special Assessments and limited Assessments.
- 1.4 **"Association"** means Tapestry Community Association, a Minnesota nonprofit corporation, whose members consist of all Owners.
- 1.5 **"Board"** means the Board of Directors of the Association as provided for in the Bylaws.
- 1.6 **"Bylaws"** means the Bylaws governing the operation of the Association, as amended from time to time.
- 1.7 **"City"** means the City of Lake Elmo, Minnesota.
- 1.8 **"Common Expenses"** means all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including without limitation Assessments and items otherwise identified as Common Expenses in the Declaration or Bylaws.
- 1.9 **"Common Property"** means any parts of the Property, including all Improvements thereon, except the Lots. The Common Property is legally described in Exhibit B attached hereto.
- 1.10 **"Developer Control Period"** means the time period during which Developer has the exclusive right to appoint members of the Board, as provided in Section 15.5 of this Declaration.
- 1.11 **"Developer Rights"** means those exclusive rights reserved to Developer as described in Section 15.
- 1.12 **"Dwelling"** means a building consisting of one or more floors, designed and intended for occupancy as a detached, single family residence, and located within the boundaries of a Lot. The Dwelling includes any garage or auxiliary dwelling located within the boundaries of the Lot in which the Dwelling is located.

- 1.13 “Governing Documents” means this Declaration, and the Articles of Incorporation and Bylaws of the Association, as amended from time to time, all of which shall govern the use and operation of the Property.
- 1.14 Improvement or Improvements means any exterior physical improvement or change of any kind, temporary or permanent, to any part of the Property, including but not limited to any design or color, Dwelling, structure, building, retaining wall or other wall, fence, sign, enclosure, screening, fire pit, exterior lighting, utilities system, communications system, irrigation or drainage system, pond, roadway, trail, planting, landscaping, topography, grading, or any other type of physical improvement or change.
- 1.15 “Lot” means any platted lot subject to this Declaration upon which a Dwelling is located or intended to be located, as described in Section 2.1 and shown on the Plat, including all improvements thereon.
- 1.16 “Member” means all persons who are members of the Association by reason of being Owners as defined in this Declaration. The words “Owner” and “Member” may be used interchangeably in the Governing Documents.
- 1.17 “Occupant” means any person or persons, other than an Owner, in possession of or residing on a Lot.
- 1.18 “Owner” means a Person who owns a Lot, but excluding contract for deed vendors, Persons holding a security interest in a Lot and Persons holding a remainder interest in a life estate. The term “Owner” includes, without limitation, contract for deed vendees and holders of life estates.
- 1.19 “Person” means a natural individual, corporation, limited liability company, partnership, trustee, or other legal entity capable of holding title to real property.
- 1.20 “Plat” means the recorded plat or part thereof depicting the Property pursuant to the requirements of Minnesota Statutes Chapter 505 or 508, as applicable, including any amended Plat or replat recorded from time to time.
- 1.21 “Preservation Areas” means those parts of the Property identified on the Plat as open space preservation areas or areas which are subject to the Preservation Document.
- 1.22 “Preservation Authorities” means the Persons identified in the Preservation Document who have powers affecting the Preservation Areas.
- 1.23 “Preservation Document” means the Conservation Easement, dated March 9, 2005, and recorded as Document No. 3502222, in favor of the Minnesota Land Trust and the City, which governs the Preservation Areas.

- 1.24 “Property” means all of the real property submitted and subjected to this Declaration, including the Dwellings and all other structures and improvements located thereon now or in the future. The Property is legally described in Exhibit A attached hereto.
- 1.25 “Rules” means the Rules of the Association as approved from time to time pursuant to Section 5.6.

SECTION 2

DESCRIPTION OF LOTS AND RELATED EASEMENTS

2.1 Lots. There are 65 Lots, all of which are restricted exclusively to single-family residential use. The Lots are identified by lot and block numbers and subdivision name, as shown on the Plat, which is incorporated herein by reference. Each Lot constitutes a separate parcel of real estate. The Lots are legally described in Exhibit A attached hereto.

2.2 Related Easements. Each Lot shall be subject to and shall be the beneficiary of easements for all services, communications and utilities servicing the other Lots and for maintenance, repair, replacement and other purposes as described elsewhere in this Declaration.

SECTION 3

COMMON PROPERTY

3.1 Common Property. Common Property and its characteristics shall be as follows:

3.1.1 The Common Property is owned by the Association for the benefit of the Owners and Occupants.

3.1.2 The Common Property is subject to (i) easements as described in this Declaration, (ii) the Preservation Document and (iii) the right of the Association to establish reasonable Rules governing the use of the Property.

3.1.3 Except as otherwise expressly provided in the Governing Documents, all maintenance, repair, replacement, management and operation of any Common Property shall be the responsibility of the Association.

3.1.4 Common Expenses for the maintenance, repair, replacement, management and operation of the Common Property shall be assessed and collected from the Owners in accordance with Section 6.

3.2 Annexation of Other Property. Other real property may be annexed, and subjected to this Declaration, as Lots or Common Property, or any combination thereof, with the approval of (i) Owners of Lots to which are allocated at least sixty-seven percent of the votes in the Association, (ii) any governmental authority whose approval is required for such annexation, and (iii) Developer so long as it or its builders own any Lot for sale.

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 of a portion of the Common Expenses of the Association, shall be governed by the following provisions:

4.1 Membership. Each Owner shall be a member of the Association by reason of Lot ownership, and the membership shall be automatically transferred with the conveyance of the Owner's interest in the Lot. An Owner's membership in the Association shall terminate when the Owner's Lot 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 Voting and Common Expenses. Each Lot is assigned one vote. Common Expense obligations are allocated equally among the Lots, subject to the qualifications set forth in Section 6.

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

4.4 Authority to Vote. The Owner, or some natural Person designated to act as proxy on behalf of the Owner, and who need not be an Owner, may cast the vote allocated to the Owner's Lot at meetings of the Association. However, if there are multiple Owners of a Lot, only the Owner or other Person designated pursuant to the provisions of the Bylaws may cast such vote. The voting rights of Owners are more fully described in Section 3 of the Bylaws.

SECTION 5

ADMINISTRATION

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

5.1 General. The operation and administration of the Association and the Property are governed by the Governing Documents and the Rules. The Association is responsible for the operation, management and control of the Property. The Association has all powers described in the Governing Documents and the Act. All power and authority of the Association shall be vested in the Board, unless action or approval by the Owners is specifically required by the Governing Documents or the Act. All references to the Association means the Association acting through the Board unless specifically stated to the contrary.

5.2 Operational Purposes. The Association shall operate and manage the Property for the purposes of (i) administering and enforcing the Governing Documents; (ii) enforcing the Rules, (iii) maintaining, repairing and replacing those portions of the Property and other improvements (if any) for which the Association is responsible pursuant to Section 9 and (iv) preserving the value and the architectural and environmental character of the Property.

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

5.4 Bylaws. The Association shall have Bylaws. The Bylaws govern the operation and administration of the Association and are binding upon all Owners, Occupants and other Persons owning or acquiring any interest in the Property.

5.5 Management. The Board has authority to select a manager or managing agent and to delegate the management duties imposed upon the Association's officers and directors by the Governing Documents and the Act. However, such delegation does not relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and the Act.

5.6 Rules. The Board has exclusive authority to approve and implement such reasonable Rules as it deems necessary from time to time for the purpose of operating and administering the affairs of the Association and regulating the use of the Property, except as to the authority granted by the Declaration to the A.C.C. The Rules shall be consistent with the Governing Documents and any ordinances, governmental laws, codes, ordinances or regulations of any governmental entity having jurisdiction over the Property. The inclusion in other parts of the Governing Documents of authority to approve Rules is in furtherance, and not in limitation, of the authority granted by this Section. New or amended Rules are effective only after reasonable notice thereof has been given to the Owners.

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

SECTION 6

ASSESSMENTS

6.1 General. Assessments shall be assessed and levied against the Lots subject to the requirements and procedures set forth in this Section 6. Assessments shall include annual Assessments under Section 6.2, and may include special Assessments under Section 6.3 and limited Assessments under Section 6.4. Annual and special Assessments shall be allocated among the Lots equally, in accordance with the allocation formula set forth in Section 4.2. Limited Assessments under Section 6.4 are allocated to Lots as set forth in that Section. Assessments shall be levied against the Lots by the Association as a part of the Association's annual Assessments, or as a special Assessment, as applicable.

6.2 Annual Assessments. Annual Assessments shall be established and levied by the Board, subject to the limitations set forth hereafter. Each annual Assessment shall cover all of the anticipated Common Expenses of the Association, including but not limited to the costs associated with the Association's maintenance obligations set forth in Section 9.1.1, the establishment and annual contribution to reasonable reserves for replacements required pursuant to the Association's maintenance obligations set forth in Section 9.1.1, and for the purpose of paying the incidental costs of operating the Association. Annual Assessments shall be payable quarterly or annually, as determined by the Board.

6.3 Special Assessments. In addition to annual Assessments, and subject to the limitations set forth hereinafter, the Board may levy in any Assessment year a special Assessment against all Lots equally in accordance with the allocation formula set forth in Section 4.2. Among other things, special Assessments shall be used for the purpose of defraying in whole or in part the costs of any unforeseen and unbudgeted Common Expense.

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

6.4.1 Any Common Expense or portion thereof benefiting fewer than all of the Lots may be assessed exclusively against the Lot or Lots benefited.

6.4.2 If any of the maintenance, repair or replacement required to be performed by the Association pursuant to Section 9.1 is made necessary or caused by the act or omission of any Owner or Occupant, or their guests, the Association may assess the costs of such maintenance, repair or replacement against the Lot of the responsible Owner or Occupant.

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

Assessments levied under this Section 6.4 may, at the Board's discretion, be assessed as a part of, or in addition to, other Assessments levied under this Section 6.

6.5 Operating Reserve Fund. There shall be established an operating reserve fund to meet unforeseen expenditures or budget shortfalls, or to purchase additional equipment or services, during the Association's beginning years of operation. There shall be contributed on a one-time basis as each Lot is sold an amount equal to two months installments of the estimated annual Assessments for the Lot. The contribution shall be paid by the purchaser of the Lot at the time of closing of the initial sale of the Lot by Developer or its authorized builders. However, Developer may reimburse itself, pro rata, from funds collected from the purchasers at the respective closings for any contributions advanced by Developer to the operating reserve fund. The contributions to this fund are in addition to the regular installments of annual Assessments and are not refundable. The funds shall not be used to defray any of Developer's development expenses or construction costs. Following the sale and occupancy of all the Lots, the Board may

include in each subsequent annual budget reasonable amounts for operating reserves based upon the anticipated needs of the Association for the year in question.

6.6 Liability of Owners for Assessments/Developer Exemption. Subject to Section 6.6.3, the obligation of an Owner to pay Assessments is as follows:

6.6.1 The Owner at the time an Assessment is payable with respect to that Owner's Lot is 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.

6.6.2 The Owner's liability is absolute and unconditional, unless otherwise modified by law or this Declaration. Except as provided in Section 6.5.3, no Owner is exempt from liability for payment of Assessments by right of set-off, by waiver of use or enjoyment of any part of the Property, by absence from or abandonment of the Lot, by waiver of any other rights, or by reason of any claim against the Association or their officers, directors or agents, or their failure to fulfill any duties under the Governing Documents or the Act.

6.6.3 The Developer, its authorized builders and any Lot owned by Developer or its authorized builders are exempt from Assessments until a certificate of occupancy (or similar approval) has been issued by the City with respect to a Dwelling located on such Lot, unless otherwise agreed in writing by the Developer.

6.7 Assessment Lien. Subject to Section 6.5, the Association has a lien on a Lot for any Assessment levied 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 interest charges imposed by the Association are liens, and are enforceable as Assessments, under this Section 6. Recording of the Declaration constitutes record notice and perfection of any lien under this Section 6, and no further recordation of any notice of or claim for the lien is required. The release of the lien shall not release the Owner from personal liability unless agreed to in writing by the Association.

6.8 Foreclosure of Lien; Remedies. A lien for Assessments may be foreclosed against a Lot under the laws of the state of Minnesota (i) by action, or (ii) by advertisement in substantially the same manner as a mortgage containing a power of sale. The Association, or its authorized representative, shall have the power to bid in at the foreclosure sale and to acquire, hold, lease, mortgage and convey any 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 by advertisement. The Association shall, in addition to its other remedies, have the right to pursue any other remedy at law or in equity against the Owner who fails to pay any Assessment or charge against the Lot.

6.9 Lien Priority; Foreclosure. A lien under this Section 6 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. The holder of a first mortgage on a Lot which acquires

title to the Lot by foreclosure or a deed in lieu of foreclosure shall take title to the Lot free and clear of all Assessment liens encumbering the Lot and Assessments payable in the period prior to the acquisition of title to the Lot by the mortgage holder. At such time as the first mortgage holder takes title to the Lot, it shall be obligated to pay Assessments levied against the Lot and payable during the period when it holds title to the Lot.

6.10 Voluntary Conveyances; Statement of Assessments. In a voluntary conveyance of a Lot the buyer shall not be personally liable for any unpaid Assessments and other charges made by the Association against the seller or the seller's 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 released or satisfied. Any seller or buyer shall be entitled to a statement, in recordable form, from the Association setting forth the amount of the unpaid Assessments against the Lot, including all Assessments payable in the Association's current fiscal year, which statement shall be binding upon the Association, the seller and the buyer.

SECTION 7

RESTRICTIONS ON USE OF PROPERTY

All Owners and Occupants, and all secured parties, by their acceptance or assertion of an interest in the Property, or by their occupancy of 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 following restrictions:

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

7.2 Subdivision Prohibited. No Lot nor any part of the Common Property may be subdivided, partitioned or converted to other use without prior approval by the Owners at an Association meeting, any governmental authorities having jurisdiction over the Property, the holders of first mortgages on any Lots affected. Additional restrictions apply as set forth in the Preservation Document.

7.3 Residential Use. The Lots shall be used by Owners and Occupants and their guests exclusively as private, single family residential Lots; provided, that an auxiliary building may be constructed on a Lot subject to (i) compliance with the procedures set forth in Section 8 and (ii) compliance with all applicable governmental laws, ordinances and regulations. No Dwelling shall be used for hotel, commercial, business (whether for profit or otherwise) or other non-residential purposes, except as provided in Section 7.4. Any lease of a Dwelling (except for occupancy by guests with the consent of the Owner) which includes services customarily furnished to boarders or hotel or motel guests, shall be presumed to be for transient purposes.

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

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

7.4.2 The Association may maintain offices on the Property for management and related purposes, except for the Preservation Areas.

7.4.3 Developer, or a builder authorized by Developer, may maintain offices, sales facilities, model homes and other business facilities on the Property in connection with the exercise or its construction or sales activities, except for the Preservation Areas.

7.5 **Leasing.** Leasing of Dwellings shall be allowed (subject to reasonable regulation by the Association) but only in accordance with the following minimum conditions: (i) no Dwelling may be subleased, (ii) a Dwelling must be leased in its entirety (not by room) unless simultaneously occupied by the Owner, (iii) the lease shall be in writing, (iv) no Dwelling shall be leased for hotel or other transient dwelling purposes, and (v) the lease shall provide that it is subject to the Governing Documents, and the Rules, 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 as may be necessary to implement procedures for the leasing of Dwellings, consistent with this Section and applicable law.

7.6 **Parking and Storage.** Unless otherwise authorized in writing by the Board, the outside storage or parking of buses, trucks (other than pick-up and similar small trucks used for an Owner's personal vehicle), trailers, unlicensed automobiles, aircraft, tractors, motorcycles, snowmobiles, motorhomes, all-terrain vehicles, or watercraft is prohibited, except for temporary parking as described in the Rules. The use of driveways and the types of vehicles and other personal property permitted thereon, shall be subject to regulation by the Association.

7.7 **Temporary Structures.** No structure of a temporary character, mobile home, manufactured home, trailer, basement, tent, shack, garage, barn, or other accessory building or structure shall be used on any Lot at any time as a residence, either temporarily or permanently.

7.8 **Animals.** The Board shall have the exclusive authority to regulate, by Rules, the keeping of animals on the Property, and may permit the keeping, grazing or riding of horses on those parts of Common Property Outlots C and V, and access routes over other Common Property outlots, which are designated by the Board for such purposes, consistent with the Preservation Document. Subject to this Section, the Board's authority may be exercised so as to permit or prohibit different types of animals; however, no animal may be bred, or kept or maintained for business or commercial purposes, anywhere on the Property. The word "animal" shall be interpreted in its broadest sense and shall include all living creatures except humans.

Notwithstanding the foregoing, no Rule may prohibit the keeping of a qualified service dog or similar animal by a person who is handicapped within the meaning of the Fair Housing Amendments Act of 1988 or comparable state law.

7.9 Quiet Enjoyment; Rural Activities. The Property shall be occupied and used in such a manner as will not cause a nuisance, nor unduly restrict, interfere with or impede the use and quiet enjoyment of the Property by other Owners and Occupants and their guests. All Owners and Occupants and their guests shall have a right of quiet enjoyment in their respective Lots; however, it is recognized that the Property is located in a primarily rural area, that various rural activities such as farming and wild game hunting may be conducted on adjoining land, and that the sounds, sights and smells customarily arising from such activities shall not constitute a disturbance of the quiet enjoyment of the Property by Owners and Occupants.

7.10 Compliance with Law; Liability. 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.

7.11 Improvements. Except for those made by Developer or authorized builders in connection with the authorized development of the Property, sale of Lots or construction of the Dwelling, no Improvement may be made, or caused or allowed to be made, on any part of the Common Property or any Lot, or on any part of a Dwelling which is visible from the exterior of the Dwelling, without approval pursuant to Section 8.

7.12 Environmental Restrictions. Notwithstanding any contrary provision in the Governing Documents, the Preservation Areas and other environmentally sensitive areas within the Property shall be maintained by the Association, or the Lot Owner if applicable, according to the following conditions and restrictions:

7.12.1 The Preservation Areas consist of property subject to this Declaration and certain adjoining property, part of which is being restored by Developer and all of which is intended to be maintained on a long-term basis in substantially a natural state. The Preservation Areas are subject to covenants, easements and restrictions administered by the Minnesota Land Trust or similar organization. The recorded Preservation Document governing the maintenance, use and control of the parts of the Preservation Areas which are within the Property is identified in Section 1.23. Except as otherwise permitted by this Section or the Preservation Document, the Preservation Areas shall be maintained in substantially the same condition as originally established, and free from noxious weeds, debris, trash and other refuse.

7.12.2 Many Lots will contain pre-determined natural zones (the "Natural Zones") that will contain or require a specific landscaping approach consistent with the existing natural landscape of the Property. One of the primary purposes of the Natural Zones is to limit the quantity of lawn and other manicured vegetation, especially on larger Lots. The Natural Zones are or will be defined in the final Tapestry Landscape Guidelines (the "Tapestry Landscape Guidelines") approved for the Property by the Developer. It is intended that the Natural Zones remain as natural vegetation areas,

subject only to vegetation and landscaping changes which are consistent with the final Tapestry Landscape Guidelines and approved by the A.C.C. Therefore, except as otherwise authorized by this Section, by the final Tapestry Landscape Guidelines or by the Board pursuant to Section 8, the Natural Zones shall be maintained in substantially the same condition as originally established, and free from noxious weeds, debris, trash and other refuse.

7.12.3 Except as otherwise permitted by this Section or the Preservation Document, ponds, wetlands and water courses located on the Property, whether part of the Preservation Areas or Natural Zones and whether natural or man-made, shall be maintained in substantially the same condition as originally established or restored by Developer, except that such areas shall be maintained free from noxious weeds, diseased or dead trees, debris, trash and other refuse. No structure, planting, landscaping or other Improvement which may impair or change the direction of the natural flow or drainage channels on the Property shall be placed or permitted to remain upon the Property following its original development unless approved by the Association, consistent with the Preservation Document and this Section 7.12.

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

SECTION 8

ARCHITECTURAL STANDARDS

8.1 General. It is Developer's intent to create a general plan and uniform scheme of development of the Property and to create within the Property a residential community of high quality and harmonious Improvements. Accordingly, an Architectural Control Committee (the "A.C.C.") shall be established as a permanent committee of the Association, to oversee, review and regulate architectural and design matters involving the Property. The A.C.C. shall have the following general powers:

8.1.1 The A.C.C. shall have the exclusive right to approve or disapprove the size, exterior design, color, materials, landscaping, grading and location with respect to all Improvements.

8.1.2 The A.C.C. shall have the exclusive right to approve or disapprove all proposed additions or any other changes to the exterior of any Dwelling or other Improvement; except for additions or other changes to a Dwelling or other Improvement made by the Developer or its authorized builders consistent with the City's approved plans and the Preservation Document.

8.1.3 The A.C.C. may, in its sole discretion, establish and enforce standards for design, appearance, construction, or development which are greater or more stringent than standards prescribed by the Governing Documents, or the established Tapestry Architectural Guidelines and Tapestry Landscape Guidelines, or by building, zoning, or other governmental laws, codes, or regulations; provided that such standards shall be consistent with the City's approved plans and the Preservation Document. The

Association shall undertake such enforcement based upon the recommendation of the A.C.C.

8.2 Architectural Control Committee. The A.C.C. shall be a permanent committee of the Association, and shall be constituted as follows:

8.2.1 The A.C.C. shall consist of a minimum of three natural persons, who need not be Owners. The A.C.C. members shall all be appointed and replaced by the Developer until all Lots contain occupied Dwellings. Thereafter, the members of the A.C.C. shall be elected by the Owners for terms of up to three years, as the A.C.C. may establish.

8.2.2 The A.C.C. shall determine which of its members shall serve as its chair. Meetings of the A.C.C. may be called by the chair or by a majority of the members of the A.C.C. A majority of the members of the A.C.C. shall constitute a quorum to transact business at any committee meeting, and the action of a majority of those members present and voting shall constitute the action of the A.C.C.

8.3 Application and Approval Required. Except as otherwise authorized by this Section 8, no Improvement shall be constructed, erected, removed, planted or maintained, nor shall any addition to or any change, replacement or alteration thereof be made, until plans and specifications showing the nature, kind, shape, height, materials, plans, colors and location of the Improvement or change shall have been submitted to and approved in writing by the A.C.C. Approval shall be requested by written application on such forms as may be required by the A.C.C. As part of the application process, the A.C.C. may require the submission of complete sets of plans and specifications, including but not limited to site surveys and engineering studies, prepared by an architect, landscape architect, engineer or other person found to be qualified by the A.C.C. The A.C.C. may require submission of samples of construction materials, colors or other components proposed to be used. The applicant shall also apply for approval to the City, the Preservation Authorities or other authority having jurisdiction over the subject of the application, if required. If the information submitted to the A.C.C. is, in the A.C.C.'s sole opinion, incomplete or insufficient in any manner, the A.C.C. or other approving authority may require the submission of additional information.

8.4 General Standards. The A.C.C. has authority to approve, conditionally approve or deny an application, in its sole and absolute discretion; provided, that in making its determinations, the A.C.C. shall apply and comply with, at a minimum, the following criteria and requirements:

8.4.1 Compatibility of color, size, location, type and design for high quality Dwellings, buildings containing Dwellings and other Improvements.

8.4.2 Comparable or better quality of materials as used in existing buildings or other Improvements on the Property.

8.4.3 Adequate protection of the Property, the Association, Owners and Occupants from liability and liens arising out of the proposed Improvements.

8.4.4 Compliance with the Tapestry Architectural Guidelines and Tapestry Landscape Guidelines as established, and as amended from time to time, by Developer.

8.4.5 Compliance with the Preservation Document.

8.4.6 Compliance with City Approvals, and governmental laws, codes, ordinances and regulations.

8.5 Notice of Decision. The A.C.C. shall approve, conditionally approve or disapprove the application and notify the applicant in writing within forty-five days following the receipt of the application and all other required information. The notice shall state the approval or denial of the application, or any qualifications or conditions of approval. If the A.C.C. disapproves the application in whole or in part, it shall state the grounds upon which the disapproval is based. No Improvement shall be erected prior to the applicant's receipt of approval, nor shall any Improvements be allowed to remain which violates the A.C.C.'s requirements, the covenants, conditions or restrictions contained in this Declaration, the Preservation Document, or any applicable governmental law, zoning or building ordinance, or regulation.

8.6 Exception and Variances. The A.C.C. may, in its sole discretion, grant variances from the requirements contained in Section 8 or otherwise established by the A.C.C., on a case by case basis; provided, that the variance sought (i) involves unique circumstances, (ii) is reasonable, (iii) does not impose a hardship upon other Owners, (iv) complies with the Preservation Document, and (v) complies with the Preservation Document, any development agreement with the City, and any applicable governmental laws, ordinances, codes or regulations. The granting of such a variance by the A.C.C. shall not nullify or otherwise affect the A.C.C.'s right to require strict compliance with its requirements on any other occasion.

8.7 Completion Schedule. Unless otherwise approved or directed by the A.C.C., construction of Dwellings or other Improvements for which the approval of the A.C.C. is required shall be completed within twelve months after the start of construction.

8.8 Certificate of Compliance. The A.C.C. may require that prior to the use or occupancy of any Improvement the builder or prospective users shall obtain a Certificate of Compliance from the A.C.C., certifying that the construction of the Improvement has been completed in accordance with the plans and specifications previously approved by the A.C.C. The A.C.C. may, from time to time, delegate to a member or members of the A.C.C. the responsibility for issuing Certificates of Compliance.

8.9 Inspection and Remedies. The A.C.C., and any agent or member of the A.C.C., has the right of entry and inspection upon any portion of the Property for the purpose of determining whether there is compliance with the applicable A.C.C. standards. If any Person fails to comply with the requirements of this Declaration or the standards promulgated by the A.C.C., the violator shall pay all costs in connection with the resolution or correction of the violation, including but not limited to any fees or costs for attorneys or other professionals incurred by the A.C.C., the Developer, the Preservation Authorities or the Association in connection therewith. The A.C.C. may, in addition to its other remedies, record against the Lot, in the public records of the county, a Certificate of Noncompliance stating that the Improvements fail to meet the applicable standards.

8.10 Review Fees. The A.C.C. may adopt a schedule of reasonable fees for processing applications for architectural approval. The fees, if any, shall be payable to the Association at the time that the application is submitted to the A.C.C. The fees, as well as other expenses of the A.C.C. required to be paid, shall be deemed to be an Assessment against the Lot with respect to which the application is made.

8.11 Developer Exemption. Notwithstanding anything contained herein to the contrary, any Improvements of any nature at any time made or approved by the Developer, including but not limited to Improvements made or to be made to the Common Elements, shall not be subject to the review or other procedures of the A.C.C., but such Improvements shall comply with the plan of development approved by the City and with the Preservation Document.

8.12 No Representation of Compliance/Indemnification. Approval of plans and specifications by the A.C.C. does not represent or guaranty that the plans and specifications will, if followed, result in properly designed, graded or constructed Improvements, nor that any Dwelling, grading, landscaping or other Improvement built in accordance therewith is built in a good and workmanlike manner. The Developer, the Association, and the A.C.C. are not liable for any defects in any plans or specifications submitted or approved; any loss or damages to any person arising out of the approval or disapproval of any plans or specifications; any loss or damage arising from the noncompliance of such plans and specifications with any governmental ordinances or regulations; nor any defects in grading or construction undertaken pursuant to such plans and specifications. Each Person submitting an application for approval is solely responsible for the sufficiency of the plans and specifications submitted and for the quality of construction, including but not limited to grading and landscaping, of the Improvements constructed, and shall hold harmless, indemnify and defend the Developer, the Association, the Preservation Authorities, the A.C.C., and their respective officers, directors, committee personnel and agents, from and against all claims, damages and other liabilities arising out of the approval, disapproval or construction of the Improvements to which the application relates.

8.13 Additional Standards. The A.C.C. is authorized to promulgate from time to time additional written architectural and landscaping standards, guidelines and other regulations governing the construction, location, landscaping and design of Improvements, consistent with this Section 8. Any such additional written architectural standards, guidelines and other regulations shall, effective upon reasonable publication thereof to Owners, be binding and enforceable against all Persons with the respect to all Improvements subject to approval by the A.C.C.

8.14 Amendment of Tapestry Architectural Guidelines and Tapestry Landscape Guidelines. Any amendment or change to the Tapestry Architectural Guidelines or Tapestry Landscape Guidelines must be approved in writing by the Developer until all Lots contain occupied Dwellings.

SECTION 9

MAINTENANCE

9.1 Maintenance by Association. The Association shall not, and has no obligation to, maintain any part of the Dwellings. The Association's maintenance obligations are as follows:

9.1.1 Except for those trails subject to maintenance easements in favor of the City, the Association shall maintain the Common Property, the Preservation Areas, and may maintain the Natural Zones, in accordance with the provisions of Section 7.12 and the Preservation Document. If the Association elects to undertake the maintenance of the Natural Zones, it shall give reasonable notice of its intent to the Owners of the affected Lots and shall specify the time period for which it will undertake the maintenance obligations. The Association shall also maintain certain adjoining land which is not a part of the Property, consisting of road right-of-ways and landscaped entrance medians, certain of which are described in the "Easement D Grant of Permanent Landscape Easement" referenced in Exhibit D attached hereto. The foregoing maintenance shall include, but not be limited to, entry signs and monuments, the central private septic system serving the Property and located on Outlot S, boulevard trees and vegetation, the storm water management system serving the Property, trails not maintained by the City, conservation easement delineation markers, and any other Common Property Improvements such as fencing, landscaping, structures or water features.

9.1.2 The Association may, upon approval by a majority vote of the Owners, provide for (a) snow removal services on the driveways, (b) lawn, shrub or tree maintenance on the yard areas of the Lots, or (c) the maintenance, repair and replacement of other Improvements within the yard areas of the Lots, but in no case shall the Association maintain the exterior or interior of any Dwelling or other structure on a Lot.

9.1.3 If an Owner fails to perform any maintenance, repair, or replacement activity for which the Owner is responsible under Section 9.2 (except for the exterior of the Dwelling or other building located within the Lot), or renders any maintenance, repair or replacement necessary by such Owner's acts or omissions, or by that of Occupants or guests, the Association may undertake such maintenance, repair or replacement activity and assess the Owner's Lot for the cost thereof pursuant to Section 6.4. However, prior to undertaking such maintenance, repair or replacement, the Association shall provide at least 30 days notice to the Owner, specifying the deficiencies at issue, during which time the Owner may undertake measures to correct the deficiencies. If the deficiencies are not corrected, then the Association may proceed with the maintenance, repair or replacement work.

9.1.4 Maintenance performed by the Association shall comply with the Preservation Document, and all applicable governmental laws, ordinances and regulations.

9.2 Maintenance by Owner. Subject to Section 9.1, the Owner shall, at the Owner's expense, undertake and perform all maintenance, repair and replacement of the Dwelling, Lot and all Improvements located on the Lot, and the mailbox as designed and constructed by the Developer or other builder, except to the extent that the Association undertakes the maintenance pursuant to Section 9.1 or Section 7.12. Maintenance for which the Owner is obligated shall be performed in compliance with (i) reasonable standards (if any) established by the Association, (ii) all applicable governmental laws, ordinances and regulations, and (iii) the Preservation Document.

SECTION 10

INSURANCE

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

10.1.1 Property insurance in broad form covering all risks of physical loss in an amount equal to one hundred percent of the insurable "replacement cost" of Improvements (if any) located on the Common Property which the Association is obligated to maintain, less deductibles, exclusive of land and other items normally excluded from coverage. The policy or policies shall also cover personal property owned by the Association.

10.1.2 Comprehensive public liability insurance covering the Common Property (if any), and the Association's use, operation and maintenance of lands or Improvements which the Association is obligated to maintain, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in type, location and use to the Property. The policy shall have minimum limits of One Million Dollars per occurrence. The policy shall, if reasonably available, 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 name the Preservation Authorities as additional insureds.

10.1.3 Insurance coverage against dishonest acts on the part of directors, officers, managers, trustees, employees or other persons responsible for handling funds belonging to or administered by the Association, if deemed to be advisable by the Board or required as a precondition to the purchase, insuring or financing of a mortgage on a Lot.

10.1.4 Workers' compensation insurance to the extent required by law.

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

10.2 Premiums; Deductibles. All insurance premiums shall be assessed and paid as part of annual Assessments. The Association may, in the case of a claim for a covered loss, (i) pay the deductible amount as a Common Expense, (ii) assess the deductible amount against the affected Lots in any reasonable manner, or (iii) require the Owners of the affected Lots to pay the deductible amount directly.

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

10.4 Required Policy Provisions. All policies of property insurance carried by the Association shall contain the following provisions or endorsements, if reasonably available:

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

10.4.2 The insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household and against the Association and members of the Board.

10.4.3 No act or omission by any Owner or secured party, unless acting within the scope of authority on behalf of the Association, shall void the policy or be a condition to recovery under the policy.

10.4.4 If at the time of a loss under the policy there is other insurance in the name of an Owner covering the same property covered by the policy, the Association's policy is primary insurance (subject to Section 10.2).

~~10.5 Cancellation; Notice of Loss. All policies of property insurance and comprehensive liability insurance maintained by the Association shall provide that the policies shall not be canceled or substantially modified, for any reason, without at least thirty days' prior written notice to the Association, and all of the insureds.~~

10.6 Owner's Personal Insurance. It is the obligation of each Owner to obtain personal insurance coverage at his or her own expense covering fire and other casualty to the Owner's Dwelling and other insurable Improvements located on the Owner's Lot, and public liability insurance covering the Owner's Lot. All insurance policies maintained by Owners shall, if possible, provide that they are without contribution as against any insurance purchased by the Association, except as to deductible amounts or other items not covered by the Association's insurance.

SECTION 11

RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN

11.1 Reconstruction. In the event of a casualty on or to any portion of the Property, the obligations and procedures for the repair, reconstruction or disposition of the damaged Improvements shall be governed by the following provisions:

11.1.1 All repair and reconstruction of the damaged Improvements shall be commenced promptly following the casualty and shall be carried through diligently to conclusion. The Association shall be responsible for the repair and reconstruction of Common Property Improvements and the Owners shall be responsible for the repair and reconstruction of Improvements to their respective Lots.

11.1.2 All repair and reconstruction shall be approved pursuant to Section 8. The repair and reconstruction shall be in accordance with the requirements of all applicable zoning, subdivision, building, and other governmental regulations.

11.1.3 Notice of substantial damage or destruction to any portion of the Property shall be promptly given to the Association by the Owner of the damaged Improvements.

11.1.4 Notwithstanding the foregoing, repair and reconstruction of a Dwelling need not be undertaken if the Association, the Owner and the Owner's mortgagee agree in writing that the damaged improvements need not be repaired and reconstructed. If such an agreement is made, the ruins and debris of any damaged Improvements shall promptly be cleared away, and the damaged portion of the Property shall be left in an orderly, safe and sightly condition.

11.2 Condemnation and Eminent Domain. In the event of a taking of any part of the Common Property by condemnation or eminent domain, the Association shall have authority to act on behalf of the Owners in all proceedings, negotiations and settlement of claims. Subject to the terms of the Preservation Document, all proceeds shall be payable to the Association to hold and distribute for the benefit of the Owners and their mortgagees, as their interests may appear. With respect to the taking of all or part of a Lot, the Owner of the Lot shall negotiate and settle all claims, subject to the rights of any mortgagee of the Lot.

SECTION 12

EASEMENTS

Each Lot and the Common Property, and the rights of the Owners and Occupants therein, shall be subject to the appurtenant easements and rights granted and reserved in this Section 12.

12.1 Maintenance, Repair, Replacement and Reconstruction. Each Lot, and the rights of the Owners and Occupants thereof, shall be subject to the rights of the Association to a non-exclusive easement on and over the Lots for the purposes of (i) maintaining, repairing, replacing and reconstructing utilities or other common Improvements serving the Common Property or more than one Lot, (ii) maintaining the Natural Zones referred to in Section 7.12, or (iii) correcting conditions on the Lot which violate the Governing Documents or the Preservation Document, to the extent necessary to fulfill the Association's rights or obligations under the Governing Documents.

12.2 Encroachments. If there is a minor encroachment by a Dwelling, or other Improvement onto another Lot or the Common Property, except for the Preservation Areas, as a result of the construction, reconstruction, repair, shifting, settlement or movement of any part of the Property, an exclusive easement for the encroachment, for the use, enjoyment and habitation of the encroaching Dwelling or other Improvement, and for the maintenance thereof, shall exist; provided, that with respect to Improvements added pursuant to Section 8, no easement shall exist unless the same have been approved, and the proposed Improvements constructed, as required by this Declaration. Such easements shall continue for as long as the encroachment exists and shall not affect the marketability of title.

12.3 Utilities. Except for the Preservation Areas, the Property shall be subject to non-exclusive easements in favor of all public utility companies and other utility providers for the installation, use, maintenance, repair and replacement of all utilities, such as natural gas, electricity, cable TV and other electronic communications, water, sewer, septic systems, wells, and similar services, and metering and control devices, which exist or are constructed as part of

the development of the Property, or which are referred to in the Plat or otherwise described in this Declaration or any other duly recorded instruments. Each Lot, and the rights of the Owners and Occupants thereof, shall also be subject to a non-exclusive easement in favor of the other Lots for all such utilities and services; provided, that the utilities and services shall be installed, used, maintained and repaired so as not to interfere with the reasonable use and quiet enjoyment of the Lots by the Owners and Occupants, nor affect the structural or architectural integrity of the Lots or Dwellings.

12.4 Drainage and Ponding. The yard areas of the Lots shall be subject to non-exclusive easements for storm and surface water drainage and ponding over those parts of the Property which are designated, designed, improved or graded for such purposes.

12.5 Project Signs. Developer shall have the right to erect, and the Association shall have a non-exclusive easement to maintain, monument signs and related Improvements identifying the community, on any Lots subject to sign easements and on the Common Property, except for the Preservation Areas. Those parts of the Property on which monument signs or related Improvements are located are subject to exclusive easements in favor of the Association for the continuing use, maintenance, repair and replacement of said signs and related Improvements.

12.6 Developer Rights. Except for the Preservation Areas, the Lots and the Common Property are subject to exclusive easements in favor of the Developer for the exercise of its Developer Rights as described in the Governing Documents.

12.7 Governmental Rights/Emergency Access. The yard areas of the Lots and the Common Property are subject to non-exclusive easements in favor of the Preservation Authorities for the exercise of their rights under Section 13.9. In case of emergency, the yard areas of Lots and the Common Property are subject to a non-exclusive easement for access, without notice and at any time, by any public safety personnel.

12.8 Trails. The Lots and Common Property shall be subject to any trail easements granted to the City or the public, as required by the City or as described in the Plat or any recorded easement document; provided that trail easements on or across the Preservation Areas shall be subject to approval by the Preservation Authorities.

12.9 Preservation Areas. The Property shall be subject to non-exclusive easements in favor of the Preservation Authorities, as and if established by the Preservation Document. In recognition of the fact that the Association is charged with certain obligations to maintain and administer the Preservation Areas, all such maintenance and oversight obligations shall be conducted in cooperation with the Preservation Authorities.

12.10 Duration, Restrictions and Use. The rights and easements granted or reserved by this Section 12 shall be permanent, shall run with the land, shall benefit the Lots and their Owners and Occupants, and shall be subject to the following qualifications:

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

12.10.2 Except for conservation easements described in the Preservation Document, the easements shall be subject to reasonable regulation by the Association and shall be subject to such reasonable limitations as to location and routing as may be established by the Association or any governmental authority.

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

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

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

12.10.6 Developer's easement rights described in this Declaration shall terminate when Developer and all authorized builders no longer own a Lot for sale.

SECTION 13

COMPLIANCE AND REMEDIES

Each Owner and Occupant, and any other Person owning or acquiring any interest in the Property, shall be governed by and comply with the provisions of the Act, the Governing Documents, the Rules, and such amendments thereto as may be made from time to time, and the decisions of the Association; except that the Preservation Authorities shall not be subject to the Governing Documents and the Rules with respect to the Preservation Areas. 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 or by law. The remedies referred to in Section 13.2 are exclusively for use by the Association.

13.1 Entitlement to Relief. If alternative dispute resolution is not demanded as authorized by Section 13.4 within thirty days after the Association or the Owner has given notice of its intent to commence litigation, the aggrieved party may commence legal action to recover sums due, for damages, for injunctive relief, or any combination thereof, or an action for any other relief authorized by the Governing Documents or available at law or in equity, subject to the following:

13.1.1 The remedies referred to in Section 13.2 are exclusively for use by the Association.

13.1.2 No Owner may withhold any Assessments payable to the Association, or take or omit other action in violation of the Governing Documents or the Rules, as a measure to enforce such Owner's position, or for any other reason.

13.2 Remedies. In addition to its other remedies, the Association shall have the right, but not the obligation, to implement any one or more of the following specific remedies against Owners:

13.2.1 Commence legal action for money owed, damages or equitable relief in any court of competent jurisdiction with respect to the collection of Assessments.

13.2.2 For each past due Assessment or installment thereof, impose late charges of up to twenty-five dollars, and impose interest at the rate of twelve percent per year or the highest rate permitted by law, whichever is greater, accruing beginning on the first day of the month after the Assessment or installment was due.

13.2.3 In the event of default of more than thirty days in the payment of any Assessment or installment thereof, all remaining installments of Assessments assessed against the Lot owned by the defaulting Owner may be accelerated and shall then be payable in full if all delinquent Assessments or installments thereof, together with all attorneys' fees, costs of collection, interest and late charges, are not paid in full prior to the effective date of the acceleration. Not less than ten days advance written notice of the effective date of the acceleration shall be given to the defaulting Owner.

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

13.2.5 Subject to Section 13.3, impose reasonable fines, penalties or charges for each violation of the Governing Documents or the Rules.

13.3 Rights to Hearing. Before the imposition of any of the remedies authorized by Section 13.2.5, the Board shall, upon written request of the offender, grant to the offender an opportunity for a fair and equitable hearing. The Association shall give the offender notice of the nature of the violation and the right to a hearing, and at least ten days within which to request a hearing. If the Owner requests a hearing, the Owner shall have waived the Owner's rights to alternative dispute resolution under Section 13.4. If a hearing is requested, it shall be scheduled by the Board and held within thirty days of receipt of the hearing request by the Board, and with at least ten days prior written notice to the offender. If the offender fails to timely request a hearing, to appear at the hearing or to request alternative dispute resolution, then the right to a hearing shall be deemed waived and the Board may take such action as it deems appropriate. The decision of the Board, and the rules for the conduct of hearings established by the Board, shall be final and binding on all parties. The Board's decision shall be delivered in writing to the offender within ten days following the hearing, if not delivered to the offender at the hearing.

13.4 Alternative Dispute Resolution Subject to the notice requirement in Section 13.1, and exclusive of remedies under Section 13.2, in the event of a bona fide, good faith dispute between or among Owners and/or the Association, or between the Board and the A.C.C., with regard to the enforcement of any material part of the Governing Documents or Rules, the

Association or any Owner involved in the dispute, may require that all parties enter into alternative dispute resolution in accordance with the provisions of this Section, as follows:

13.4.1 If the parties are unable to resolve their differences, after a bona fide, good faith effort, within thirty days following written notice of the disputed issues to the other parties, then any party may require that the issues be submitted to mediation. The mediation shall be conducted by a qualified mediator listed on the Minnesota Statewide ADR-Rule 114 Neutrals Roster, and shall be selected by a majority of the parties, or if a majority cannot agree within thirty days after the demand for mediation, then by the Chief District Court Judge for the county in which the Property is located. If practicable, a mediator shall be selected who has experience with the issues being mediated. The first mediation session shall be held within fifteen days following the appointment of the mediator, unless all parties and the Association agree to an alternative time schedule. The mediation shall be conducted pursuant to the Minnesota Civil Mediation Act, and the parties shall enter into an "Agreement to Mediate" as defined in said statute. The parties shall undertake mediation in good faith and with a bona fide intent to resolve the controversy in question.

13.4.2 If a "Mediated Settlement Agreement," as defined in the Minnesota Civil Mediation Act, is not executed within ninety days following the execution of the Agreement to Mediate, then any party may require binding arbitration. The arbitration shall be in accordance with the then existing rules and code(s) of ethics of the American Arbitration Association. The arbitration shall be conducted before a panel of three arbitrators (unless the parties agree to another number).

13.4.3 If a single arbitrator is not agreed upon within fifteen days after the expiration of the ninety-day mediation period, then within the next succeeding fifteen days each party shall submit the name of an arbitrator who is a member of the American Arbitration Association and who has some experience with the issues being arbitrated. The arbitrators so designated shall designate a third arbitrator. If the two originally designated arbitrators are unable to agree upon the third arbitrator within fifteen days of their appointment, then the third arbitrator shall be designated by the Chief Judge of the District Court for the county in which the Property is located as soon thereafter as possible. The arbitrators shall proceed with diligence to hold a hearing or hearings, and to make their decision, within ninety days of the appointment of the panel of arbitrators (or the single arbitrator if one arbitrator is agreed upon).

13.4.4 The arbitrators shall make their decision in strict conformity with the rules of the American Arbitration Association, and shall have no power to depart from or change any of the rules, unless agreed to by all parties to the arbitration and the Association. The decision of the arbitrators shall be binding upon all parties to the proceedings and shall be enforceable by any court exercising jurisdiction over the Property or the parties upon application by any party. The arbitration decision, and any court order arising out of the enforcement of the decision, shall not be appealable and shall be the final resolution of the issues presented for arbitration.

13.4.5 The parties to the arbitration proceeding shall share the expense of the arbitrator(s) equally. However, the prevailing party shall be entitled to reimbursement from the losing party or parties for its reasonable attorneys' fees and costs of arbitration in connection with the preparation and presentation of its case. The arbitrators shall determine, as part of their findings, which party or parties "prevailed," and the amount of reimbursable attorneys' fees and costs.

13.4.6 Notwithstanding the foregoing requirements of this Section 13.4, the parties to the alternative dispute resolution may, subject to the consent of the Association, unanimously agree in writing to modify or waive one or more of the requirements for the purpose of more expeditiously resolving the dispute in question.

13.5 Lien for Charges, Penalties, Etc. Any Assessments, charges, fines, expenses, 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 makes a written decision at or following the hearing. All remedies shall be cumulative, and the exercise of, or failure to exercise, any remedy shall not be deemed a waiver of the Association's right to pursue any others.

13.6 Costs of Proceeding and Attorneys' Fees. With respect to any collection measures, or any measures or action, legal, administrative, or otherwise, which the Association takes to enforce the provisions of the Act, Governing Documents or Rules, whether or not finally determined by a court or arbitrator, the Association may assess the violator and his or her Lot with any expenses incurred in connection with such enforcement, including without limitation fines or charges previously imposed by the Association, reasonable attorneys' fees, and interest (at the rate of twelve percent per year or the highest rate permitted by law, whichever is less) on the delinquent amounts owed to the Association. Such expenses shall also include any collection or contingency fees or costs charged to the Association by a collection agency or other Person acting on behalf of the Association in collecting any delinquent amounts owed to the Association by an Owner or Occupant. Such collection or contingency fees or costs shall be the personal obligation of such Owner or Occupant and a lien against such Owner's Lot.

13.7 Liability for Owners' and Occupants' Acts. An Owner shall be liable for the expense of any maintenance, repair or replacement of any part 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.

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

13.9 Enforcement of Preservation Areas Obligations. In the event that the Association fails to perform its obligations pertaining to the Preservation Areas as set forth in Section 9.1, the Preservation Authorities may exercise any one or more of the remedies available to them under the Preservation Document.

13.10 Enforcement by City. In the event that the Association fails to perform its obligations as provided in the Preservation Document, or fails to maintain the wastewater treatment system/drain field, or the landscaped median areas within the right-of-way at the entrance to the Property, as determined by the City's Consulting Engineer, the City may undertake such obligations and assess all costs incurred against the Association, and in such event, the Developer or the Association, as applicable, hereby waives the requirements imposed by Minnesota Statutes Chapter 429. However, prior to taking such action, the City shall provide to the Developer or the Association, as applicable, at least 30 days' notice of the default, and the Developer or the Association, as applicable, shall have said 30 day period within which to take action reasonably necessary to cure the default. If such action is timely commenced and the remedy is approved by the City's consulting engineer, then the default shall be deemed to have been cured.

SECTION 14

AMENDMENTS

14.1 Approval Requirements. Except as otherwise expressly provided in this Declaration, this Declaration may be amended only by the approval of:

14.1.1 Owners who have the authority to cast at least sixty-seven percent of the total votes in the Association, except that any amendment which changes the basic allocation of voting rights and common expense obligations described in Section 4.2 of this Declaration shall require unanimous approval; and

14.1.2 Developer as to certain amendments as provided in Section 15; and

14.1.3 The City or the Preservation Authorities, as applicable, as to any amendment to the Declaration or other Governing Documents which affects the Preservation Areas or the rights or obligations of the City or the Preservation Authorities under the Governing Documents or the Preservation Document.

14.1.4 The City as to any amendment to the Declaration or other Governing Documents which affects the rights or obligations of the City under the Easement D Grant of Permanent Landscape Easement referred to in Exhibit D.

14.2 Procedures. Approval of the amendment by the Owners may be obtained at a meeting of the Association duly held in accordance with the Bylaws or by written ballot. Approvals by other Persons shall be in writing. Any amendment shall be subject to any greater requirements imposed by the Governing Documents. The amendment shall be effective when recorded in the appropriate recording office in the county in which the Property is located. An affidavit by the President or Secretary of the Association as to the outcome of the vote, or the execution of the foregoing approvals or consents, shall be adequate evidence thereof for all purposes, including without limitation, the recording of the amendment.

SECTION 15

DEVELOPER RIGHTS

Developer hereby reserves the exclusive authority, for itself and its authorized builders, to exercise the following rights for as long as it or they own a Lot:

15.1 Complete Improvements. To complete the Dwellings and other Improvements included in Developer's development plans, approved by the City or allowed by the Declaration, and to make Improvements in or to the Lots and Common Property in furtherance of the exercise of any Developer rights.

15.2 Sales Facilities. To construct, operate and maintain a sales office, management office, model Dwellings and other development and sales facilities within the Common Property and within any Lots owned by Developer or its authorized builders from time to time, except within the Preservation Areas.

15.3 Signs. To erect and maintain signs and other sales displays offering the Lots for sale or lease, on any Lot owned by Developer or its authorized builders, on public road right-of-way areas on Lots, and on the Common Property, except within the Preservation Areas.

15.4 Easements. To have and use easements, for itself, its employees, contractors, builders, representatives, agents and prospective purchasers through and over the Common Property and the yard areas of Lots owned by it or its authorized builders for the purpose of exercising its rights under this Section 15, except within the Preservation Areas.

15.5 Control of Association. To control the operation and administration of the Association, including but not limited to the power to appoint and remove the members of the Board, until the earliest of: (i) voluntary surrender of control by Developer, (ii) an Association meeting which shall be held within sixty days after conveyance by Developer to Owners (other than Developer's authorized builders) of all Lots authorized to be included in the Property or (iii) the date five years following the date of the first conveyance of a Lot to an Owner other than Developer's authorized builders.

15.6 Consent to Certain Amendments. Until all Lots have been conveyed by Developer to Owners other than Developer's authorized builders, Developer's written consent shall be required for any amendment to the Governing Documents or Rules which in any way affect Developer's rights or the rights of Developer's authorized builders under the Governing Documents or Rules.

15.7 Approval of Builders. Developer shall have the exclusive right to approve all other builders that acquire Lots or build on the Lots, for the purpose of ensuring compliance with the environmental and design objectives set forth in this Declaration and the Preservation Document.

Developer may convey, assign or license, in whole or in part, the rights described in Sections 15.1 through 15.6 to other developers or to builders pursuant to an agreement signed by Developer and the other party; provided, that 30 days' prior notice of such transfer of rights shall be provided to the Owners, the City and the Preservation Authorities.

SECTION 16

MISCELLANEOUS

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

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

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

16.4 Conflicts Among Documents. In the event of any conflict among the provisions, the Declaration, the Bylaws or any Rules approved by the Association, the Declaration shall control unless it permits the documents to control. As between the Bylaws and Rules, the Bylaws shall control. In the event of a conflict between the Preservation Document and the Declaration, Bylaws or Rules, the Preservation Document shall control.

16.5 Duration. The covenants, conditions, restrictions, easements, liens and charges contained in this Declaration shall be perpetual, subject only to termination by court order or by (i) the affirmative vote of eighty percent of the votes in the Association and eighty percent of the holders of first mortgages on Lots (one vote per mortgage held), and (ii) the written approval of the City and the Preservation Authorities; provided, that the conservation easements described in the Preservation Document may be terminated only as provided in the Preservation Document.

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

ST. CROIX FARMS, LLC

By: _____
Title: _____

TAPESTRY AT CHARLOTTE'S GROVE

CONSENT AND JOINDER BY MORTGAGEE

The undersigned (the "Mortgagee") is a mortgagee of portions of real property described in the Declaration of Tapestry at Charlotte's Grove (the "Declaration") attached hereto. Mortgagee hereby consents to and joins in this Declaration; provided, that by consenting to and joining in this Declaration, (i) the Mortgagee does not in any manner constitute itself or obligate itself as a Developer as defined in the Declaration, (ii) such consent and joinder does not modify or amend the terms and conditions of the Mortgage and related loan documents, and (iii) the Mortgage shall remain as a lien on the property described therein, prior to any Assessment liens or other liens imposed under the Declaration, if any, until released or satisfied.

IN WITNESS WHEREOF, the Mortgagee has caused this Consent and Joinder to be executed on the 24th day of JUNE, 2005.

Lake Elmo Bank

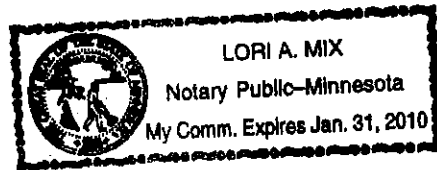
By: Eric C. Graf
Its: Vice President

STATE OF MINNESOTA)
) ss.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this 24th day of June, 2005, by Eric C. Graf, the Vice President of Lake Elmo Bank, a Minnesota Corporation, on behalf of said entity.

[Signature]
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
David B. Eide, Esq.
FELHABER, LARSON, FENLON & VOGT, P.A.
Attorneys at Law
220 South Sixth Street, Suite 2200
Minneapolis, Minnesota 55402-4302
(612) 373-8520



TAPESTRY AT CHARLOTTE'S GROVE

**CONSENT TO DECLARATION OF COVENANTS,
EASEMENTS AND RESTRICTIONS**

The undersigned, the owner of Lot 2, Block 2, Tapestry at Charlotte's Grove, Washington County, Minnesota, hereby consents to the Declaration of Covenants, Easements and Restrictions of Tapestry at Charlotte's Grove attached hereto; provided, that by executing this Consent, the undersigned does not in any manner constitute itself or obligate itself as the Developer as defined in said document.

IN WITNESS WHEREOF, the undersigned has caused this Consent to be executed on the 24th day of June, 2005.

Cottagewood Partners, LLC

By: [Signature]
Its: FRES

STATE OF MINNESOTA)
) ss.
COUNTY OF Hennepin)

The foregoing instrument was acknowledged before me this 24th day of June, 2005, by Kyle H. Hunt, the President of Cottagewood Partners, LLC, a MN Limited Liability Company on behalf of said entity.

[Signature]
Notary Public



TAPESTRY AT CHARLOTTE'S GROVE

**EXHIBIT A TO DECLARATION OF COVENANTS,
EASEMENTS AND RESTRICTIONS**

DESCRIPTION OF PROPERTY

Lots 1 through 3, Block 1; Lots 1 through 11, Block 2; Lots 1 through 6, Block 3; Lots 1 through 6, Block 4; Lots 1 through 9, Block 5; Lots 1 through 17, Block 6; Lots 1 through 6, Block 9; Lots 1 through 7, Block 10; and Outlots A, B, C, D, E, F, G, H, I, J, K, L, R, S, T, U, V and W; Tapestry at Charlotte's Grove, Washington County, Minnesota.

TAPESTRY AT CHARLOTTE'S GROVE
EXHIBIT B TO DECLARATION OF COVENANTS,
EASEMENTS AND RESTRICTIONS

DESCRIPTION OF COMMON PROPERTY

Outlots A, B, C, D, E, F, G, H, I, J, K, L, R, S, T, U, V and W, Tapestry at Charlotte's Grove,
Washington County, Minnesota.

TAPESTRY AT CHARLOTTE'S GROVE

**EXHIBIT C TO DECLARATION OF COVENANTS,
EASEMENTS AND RESTRICTIONS**

EASEMENT D GRANT OF PERMANENT LANDSCAPE EASEMENT

EASEMENT D

GRANT OF PERMANENT LANDSCAPING EASEMENT

John Berschens, a/k/a John A. Berschens and Janet Berschens, husband and wife ("Grantors") represent that they are the record fee owners of the following described Property (the "**Property**") situated in Washington County, Minnesota, to wit:

That part of the West Half of the Northeast Quarter of Section 10, Township 29 North, Range 21 West, Washington County, Minnesota, lying westerly of the East 33.00 feet thereof, and lying northerly of the South 33.00 feet thereof, and lying 45.00 feet southeasterly and easterly of line "A" described below, and lying northeasterly of line "B" described below.

Line A is described as commencing at the southwesterly corner of said West Half of the Northeast Quarter, thence North 89 degrees 39 minutes 49 seconds East, assumed bearing, along the southerly line thereof, 816.17 feet to the point of beginning of the line to be described; thence easterly, northeasterly and northerly 783.76 feet along a tangential curve, concave to the northwest, having a radius of 498.22 feet and a central angle of 90 degrees 08 minutes 00 seconds; thence North 00 degree 28 minutes 11 seconds West, along tangent, 44.09 feet, more or less, to the northerly line of the South 543.47 feet of said West Half of the Northeast Quarter and said line there terminating.

Line B is described as commencing at the southeast corner of said West Half of the Northeast Quarter; thence North 89 degrees 39 minutes 49 seconds East, assumed bearing, along the southerly line thereof, 67.20 feet to the point of beginning of the line to be described; thence North 39 degrees 02 minutes 00 seconds West 86.44 feet; thence North 03 degrees 51 minutes 23 seconds East 50.00 feet and said line there terminating.

