

PAUL BUNYAN STORAGE
A COMMON INTEREST COMMUNITY NUMBER 21
A PLANNED COMMUNITY

DECLARATION

This Declaration is made in the County of Itasca, State of Minnesota on this ____ day of _____, 2004, by D. W. Jones, Inc., a Minnesota Corporation (the “Declarant”), pursuant to the provisions of Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act (the “Act”), for the purpose of creating Paul Bunyan Storage, a planned community.

WHEREAS, Declarant is the owner of certain real property located in Itasca County, Minnesota, legally described as Exhibit A and Declarant desires to submit said real property and all improvements thereon (collectively the “Property”) to the Act, and

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

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

THEREFORE, Declarant makes the declaration and submits the Property to the Act as a planned community under the name “Paul Bunyan Storage”, initially consisting of the Units referred to in Section 2, declaring that this Declaration shall constitute covenants to run with the Property, and that the Property, and all Additional Real Estate added thereto, shall be owned, used, occupied and conveyed subject to the covenants, restrictions, easements, charges, and liens set forth herein, all of which shall be binding upon all Persons owning or acquiring any right, title or interest therein, and their heirs, personal representatives, successors and assigns.

SECTION 1

DEFINITIONS

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

- 1.1 “Association” shall mean the Paul Bunyan Storage Owners Association, Inc., a nonprofit corporation which has been created pursuant to Chapter 317A, of the laws of the State of Minnesota and Minnesota Statutes Section 515B.3 – 101, whose members consist of Owners as defined herein.
- 1.2 “Board” shall mean the Board of Directors of the Association as provided for in the By-Laws.
- 1.3 “By-Laws” shall mean the By-Laws governing the operation of the Association, as amended from time to time.
- 1.4 “Common Elements” shall mean all parts of the Property except the Units, including all improvements thereon, owned by the Association for the common benefit of the Owners and Occupants. The Common Elements are legally described as Exhibit B according to the duly recorded Plat thereof on file and of record in the Office of the Itasca County Recorder.
- 1.5 “Common Expenses” shall mean and include all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including without limitation allocations to reserves and those items specifically identified as Common Expenses in the Declaration or By-Laws.
- 1.6 “Eligible Mortgagee” shall mean any Person owning a mortgage on any Unit, which mortgage is first in priority upon foreclosure to all other mortgages that encumber such Unit, and which has requested the Association, in writing, to notify it regarding any proposed action which requires approval by a specified percentage of Eligible Mortgagees.
- 1.7 “Garage” shall mean a building consisting of one floor, designed and intended for storage and located within the boundaries of a Unit contained upon Unit 1 through 26, Paul Bunyan Storage.

- 1.8 “Governing Documents” shall mean this Declaration, and the Articles of Incorporation and By-Laws of the Association, as amended from time to time, all of which shall govern the use and operation of the Property.
- 1.9 “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.
- 1.10 “Occupant” shall mean any person or persons, other than an Owner, in possession of a Unit. The term “Occupant” shall not be interpreted as allowing a Unit to be occupied as a dwelling or as a living unit.
- 1.11 “Owner” shall mean a Person who owns a Unit, but excluding contract for deed vendors, mortgages and other secured parties within the meaning of Section 515B.1-103 (29) of the Act and also excluding lessees under any lease with the Owner. The term “Owner” includes, without limitation, contract for deed vendees and holders of a life estate.
- 1.12 “Person” shall mean a natural individual, corporation, limited liability company, partnership, trustee, or other legal entity capable of holding title to real property.
- 1.13 “Plat” shall mean the recorded plat depicting the Property pursuant to the requirements of Section 515B.2-110 (d) of the Act, and satisfying the requirements of Minnesota Statutes Chapter 505, 508, or 508A, as applicable, including any amended or supplemental Plat recorded from time to time in accordance with the Act.
- 1.14 “Property” shall mean all of the real property submitted to this Declaration, including the Garages, Common Elements, and Units 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 as Exhibit A.
- 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 “Unit” shall mean any platted lot subject to this Declaration upon which a Garage is located or intended to be located, as shown on the Plat. Including all improvements thereon, but excluding the Common Elements.

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

SECTION 2

DESCRIPTION OF UNITS AND APPURTENANCES

- 2.1 “Units” There are 26 Units, all of which are contained upon Unit 1 through 26, Paul Bunyan Storage. The Units shall be used for storage only and shall not be used as dwellings or living units. Each Unit constitutes a separate parcel of real estate. No additional Units may be created by the subdivision or conversion of Units pursuant to Section 515B.2-112 of the Act. The Unit identifiers and locations of the Units are as shown on the Plat, which is incorporated herein by reference, and the schedule of Units is set forth on Exhibit C. The Unit identifier for a Unit shall be its unit numbers in the subdivision name.
- 2.2 “Unit Boundaries” The front, rear and side boundaries of each Unit shall be the boundary lines of the platted lot upon which the Garage is located or intended to be located as shown on the Plat. The Units shall have no upper or lower boundaries. Subject to this Section 2, all spaces, walls, and other improvements within the boundaries of a Unit are part of the Unit.
- 2.3 “Access Easements” Each Unit shall be the beneficiary of an appurtenant easement for access to a public street or highway on or across the Common Elements as shown on the Plat, subject to any restrictions set forth in the Declaration.
- 2.4 “Use and Enjoyment Easements” Each Unit shall be the beneficiary of appurtenant easements for use and enjoyment on and across Common Elements, subject to any restrictions authorized by the Declaration.
- 2.5 “Utility, Walking, and Maintenance Easements” Each Unit shall be subject to and shall be the beneficiary of appurtenant easements for all services and utilities servicing the Units and the Common Elements, and for maintenance, repair, and replacement, all as described in Section 12.
- 2.6 “Declarant’s Easements” Declarant shall have and be the beneficiary of easements for construction and sales activities as described in Section 14.4
- 2.7 “Recorded Easements” The Property shall be subject to other easements as may be recorded against it or otherwise shown on the Plat.
- 2.8 “Easements are Appurtenant” All easements and similar rights burdening or benefiting a Unit or any other part of the Property shall be appurtenant thereto, and shall be permanent, subject only to termination in accordance with the Act or terms of the easement. Any recorded easement benefiting or burdening the property shall be construed in a manner consistent with, and not in conflict with, this Declaration.

- 2.9 “Impairment Prohibited” No person shall materially restrict or impair any easement benefiting or burdening the Property; subject to the Declaration and the right of the Association to impose reasonable Rules and Regulations governing the use of the Property.

SECTION 3

COMMON ELEMENTS

- 3.1 “Common Elements” The Common Elements and their characteristics are as follows:

- a. All of the Property not included within the Units constitutes Common Elements. The Common Elements include those parts of the Property described in Section 1.5 or designated as Common Elements on the Plat or in the Act. The Common Elements are owned by the Association for the benefit of the Owners and Occupants.
- b. The Common Elements shall be subject to appurtenant easements for services, public and private utilities, access, use and enjoyment in favor of each Unit and its Owners and Occupants; subject to (i) the rights of Owners and Occupants in Common Elements appurtenant to their Units and (ii) the right of the association to establish reasonable Rules and Regulations governing the use of the Property.
- c. Subject to Sections 5, 6, and 9, all maintenance, repair, replacement, management and operation of the Common Elements shall be the responsibility of the Association.
- d. Common Expenses for the maintenance, repair, replacement, management and operation of the Common Elements shall be accessed and collected from the Owners in accordance with Section 6.

SECTION 4

ASSOCIATION MEMBERSHIP RIGHTS AND OBLIGATIONS

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

- 4.1 “Membership” Each Owner shall be a member of the Association by virtue of Unit ownership, and the membership shall be transferred with the conveyance of the Owner’s interest in the Unit. An Owner’s membership shall terminate

when the Owner's ownership terminates. When more than one Person is the Owner of a Unit all such Persons shall be members of the Association, but multiple ownership of a Unit shall not increase the voting rights allocated to such Unit nor authorize the division of the voting rights.

- 4.2 "Voting and Common Expenses" Voting rights and Common Expenses are allocated equally among the Units; except special allocations of Common Expenses shall be permitted as provided in Section 6.1
- 4.3 "Appurtenant Rights and Obligations" The ownership of a Unit shall include the voting rights and Common Expense obligations described in Section 4.2. Said rights, obligations and interests, and the title to the Units, shall not be separated or conveyed separately. The allocation of the rights, obligations and interests described in this Section may not be changed, except in accordance with the Governing Documents and the Act.
- 4.4 "Authority to Vote" The Owner, or some natural person designated to act as proxy on behalf of the Owner, and who need not be an Owner, may cast the vote allocated to such Unit at meetings of the Association provided, that if there are multiple Owners of a Unit, only the Owner or other Person designated pursuant to the provisions of the By-Laws may cast such 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 General. The operation and administration of the Association and the Property shall be governed by the Governing Documents and the Act. The Association shall, subject to the rights of Owners set forth in the Governing Documents and Act, be responsible for the operation, management and control of the Property. The Association shall have all powers described in the Governing Documents, the Act 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 or the Act. All references to the Association shall mean the Association acting through the Board, unless specifically stated to the contrary.
- 5.2 Operational Purposes. The Association shall operate and manage the Property for the purposes of (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 Binding Effect of Actions. All agreements and determinations made by the Association in accordance with the powers and voting rights established by the Governing Documents or the Act shall be binding upon all Owners and Occupants, and their lessees, heirs, personal representatives, successors and assigns, all secured parties as defined in the Act.
- 5.4 By-Laws. The Association shall have By-Laws and any amendments thereto shall govern the operation and administration of the Association.
- 5.5 Management. The Board may delegate to a manager or managing agent the management duties imposed upon the Association's officers and directors by the Governing Documents and the Act; provided, however, that such delegation shall not relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and By-Laws.
- 5.6 Rules and Regulations. The Board shall have exclusive authority to approve and implement such reasonable Rules and Regulations as it deems necessary from time to time for the purpose of operating and administering the affairs of the Association and regulating the use of the Property; provided that the Rules and Regulations shall not be inconsistent with the Governing Documents or the Act. The inclusion in other parts of the Governing Documents of authority to approve Rules and Regulations shall be deemed to be in furtherance, and not in limitation, of the authority granted by this Section. New or amended Rules and Regulations shall be effective only after reasonable notice thereof has been given to the Owners.
- 5.7 Association Assets; Surplus Funds. All funds and real or personal property acquired by the Association shall be held and used for the benefit of the Owners for the purposes stated in the Governing Documents. Surplus funds remaining after payment of or provision for Common Expenses and reserves shall be credited against future assessments or added to reserves, as determined by the Board.
- 5.8 Right to Obtain List of Owners. The Association shall, upon written request by any Owner, provide a list of the names and addresses of all Owners within ten (10) days of receipt of such request.

SECTION 6

ASSESSMENTS FOR COMMON EXPENSES

- 6.1 General. Assessments for Common Expenses shall be determined and assessed against the Units by the Board, in its discretion; subject to the limitations set forth in Section 6.2 and 6.3, and the requirements of the By-Laws. Assessments for the Common Expenses shall include annual assessments and may include special assessments. Assessments shall be allocated among the Units according to the Common Expense allocations set forth in Section 4.2., subject to the following qualifications:
- a. Any Common Expense or portion thereof benefiting fewer than all of the Units may be assessed exclusively against the Units benefited, on the basis of (i) equality, (ii) square footage of the area being maintained, repaired, or replaced, or (iii) the actual cost incurred with respect to each Unit.
 - b. The costs of insurance may be assessed in proportion to value, risk, or coverage, and the costs of utilities may be assessed in proportion to usage.
 - c. Reasonable attorney's fees and other costs incurred by the Association in connection with (i) the collections of assessments and (ii) the enforcement of the Governing Documents, the Act, or the Rules and Regulations, against an Owner or Occupant, may be assessed against the Owner's Unit.
 - d. Fees, charges, late charges, fines and interest may be assessed as provided in Section 515B.3-116(a) of the Act.
 - e. Assessments levied under Section 515B.3-116 of the Act to pay a judgment against the Association may be levied only against the Units existing at the time the judgment was entered, in proportion to their Common Expense liabilities.
 - f. If any damage to the Common Elements or another Unit is caused by the act or omission of any Owner or Occupant, the Association may assess the costs of repairing the damage exclusively against the Owner's Unit to the extent not covered by insurance.
 - g. 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.
 - h. If Common Expense liabilities are reallocated for any purpose authorized by the Act, Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.
 - i. Assessments under Subsections 6.1 a-f shall not be considered special assessments as described in Section 6.3

- 6.2 Annual Assessments. Annual assessments shall be established and levied by the Board, subject only to the limitations set forth in Section 6.2 and 6.3, payable in installments and on such dates as established by the Board. Each annual assessment shall cover all of the anticipated Common Expenses of the Association for that year. Annual assessments shall provide, among other things, for contributions to a reserve fund sufficient to cover the periodic cost of maintenance, repair and replacement of the Common Elements and those parts of the Units for which the Association is responsible. Assessments shall be paid in accordance with Section 8.2 of the By-Laws.
- a. Until a Common Expense assessment is levied, Declarant shall pay all accrued expenses of the common interest community.
 - b. After a Common Expense assessment is levied, the annual assessment may be subsequently increased by the Board.
- 6.3 Special Assessments. In addition to annual assessments and subject to the limitations set forth hereafter, the Board may levy in any assessment year a special assessment against all Units 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 for maintenance, repair or replacement, and (iii) the maintenance, repair or replacement of any part of the Property, and any fixtures or other property related thereto. 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 meeting called for that purpose. Written notice of the meeting shall be sent to all Owners not less than 21 days not more than 30 days in advance of the meeting.
- 6.4 Liability of Owners for Assessments. The obligation of an Owner to pay assessments shall commence at the later of (i) the recording of the Declaration or amendment thereto which created the Owner's Unit, or (ii) the time at which the Owner acquires title to the Unit, subject to the alternative assessment program described in Section 6.5. The Owner at the time an assessment is payable with respect to the Unit shall be personally liable for the share of the Common Expenses assessed against such Unit. Such liability shall be joint and several where there are multiple Owners. The liability is absolute and unconditional. No Owner is exempt from liability for payment 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 Unit, by the waiver of any other rights, or by reason of any claim against the Association or its officers, directors, or agents, or for their failure to fulfill any duties under the Governing Documents or the Act. The Association may invoke the charges, sanctions and remedies set forth in Section 13, in addition to any remedies provided elsewhere in the Governing Documents or by law, for the purpose of enforcing its rights hereunder.

- 6.5 Declarant's Alternative Assessment Program. Notwithstanding anything to the contrary in this Section 6, if a Common Expense assessment has been levied, any Unit owned by Declarant for initial sale shall be assessed at the rate of 25% of the assessment levied on other Units of the same type until construction of the Unit is substantially completed and the Unit is ready for occupancy, or until the passage of three (3) months after the issuance of a building permit with respect to such Unit, whichever shall earlier occur. This reduced assessment shall apply to each Unit owned by Declarant at the time that the Unit is created, and shall continue until construction of the Unit is substantially completed and the Unit is ready for occupancy, or until the passage of three (3) months after the issuance of a building permit with respect to such Unit, whichever shall earlier occur. There are no assurances that this alternative assessment program will have no effect on the level of services for items set forth in the Association's budget.
- 6.6 Assessment Lien. The Association has a lien on a Unit for any assessment levied against the Owner of that Unit from the time the assessment becomes due. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. Fees, charges, late charges, fines and interest charges imposed by the Association pursuant to Section 515B.3-102(a)(10).(11) and (12) of the Act 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 Unit or Units under the laws of the State of Minnesota (i) 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 Unit so acquired. The Owner and any other Person claiming an interest in the Unit, 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 Unit.
- 6.8 Lien Priority; Foreclosure. A lien under this Section is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances recorded before the Declaration, (ii) any first mortgage on the Unit, and (iii) liens for real estate taxes and other governmental assessments or charges against the Unit. Notwithstanding the foregoing, if a first mortgage on a Unit is foreclosed, the first mortgage was recorded on or after June 1, 1996, and no Owner redeems during the Owner's period of redemption provided by Chapters 580, 581, or 582, then the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage shall take title to the Unit subject to

unpaid assessments for Common Expenses levied pursuant to Sections 515B.3-115(a), (h)(1) to (3), (i), and (l) of the Act which became due, without acceleration, during the six months immediately preceding the first day following the end of the Owner's period of redemption.

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

SECTION 7

RESTRICTIONS ON USE OF PROPERTY

All Owners and Occupants, and all secured parties, by their acceptance or assertion of an interest in the Property, or by their occupancy of a Unit, covenant and agree that, in addition to any other restrictions which may be imposed by the Act or the Governing Documents, the occupancy, use, operation, alienation and conveyance of the 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 and the Act, as amended from time to time. All covenants, restrictions and obligations set forth in the Governing Documents are in furtherance of a plan for the Property and shall run with the Property and be a burden and a benefit to all Owners and Occupants and to any other Person acquiring or owning an interest in the Property, their heirs, personal representatives, successors and assigns.
- 7.2 Subdivision Prohibited. Except as permitted by the Act, no Unit nor any part of the Common Elements may be subdivided or partitioned without the prior written approval in accordance with Section 16.
- 7.3 Use. The Units and Garages shall be used by Owners and Occupants exclusively for storage purposes and none of the Units shall at any time be resided in as dwellings or as living units. No bathroom facilities shall be constructed nor placed within any unit on the premises. No commerce shall be conducted within the Unit and/or Common area, but this does not prohibit a business from owning and/or leasing a Unit strictly for the purposes of storage.

- 7.4 Leasing. Leasing of Units shall be allowed subject to reasonable regulation by the Association, and subject to the following conditions: (i) that no Unit shall be leased for dwelling purposes, (ii) that no Unit may be subleased except with the written consent of the Declarant, (iii) that all leases shall be in writing, (iv) that all Leases shall be for a minimum term of three (3) months, and (v) that all leases shall provide that they are subordinate and subject to the provisions of the Governing Documents, the Rules and Regulations and the Act, and that any failure of the lessee to comply with the terms of such documents shall be a default under the lease. The Association may impose such reasonable Rules and Regulations as may be necessary to implement procedures for the leasing of Units, consistent with this Section.
- 7.5 Parking. Parking areas on the Property shall be designated by the Association and shall be used only for parking of vehicles owned or leased by Owners and Occupants, and such other incidental uses as may be authorized in writing by the Association. The use of driveways and other parking areas on the Property, and the types of vehicles and personal property permitted thereon, shall be subject to regulation by the Association, including without limitation the right of the Association to tow illegally parked vehicles or to remove unauthorized personal property.
- 7.6 Compliance with Law. No use shall be made of the Property which would violate any then existing municipal codes or ordinances, or state or federal laws, nor shall any act or use be permitted which could cause waste to the Property, cause a material increase in insurance rates on the Property, or otherwise cause any unusual liability, health, or safety risk, or expense, for the association or any Owner or Occupant.
- 7.7 Alterations. Except for those made by Declarant in consideration of its initial sale of a Unit, no alterations, changes, improvements, repairs or replacements of any type, temporary or permanent, structural, aesthetic or otherwise (collectively referred to as “alterations”) shall be made, or caused or allowed to be made, by any Owner or Occupant, in any part of the Common Elements, or in any part of a Unit which affects the Common Elements or which is visible from the exterior of the Unit, without the prior written authorization of the Board, or a committee appointed by it, as provided in Section 8. The Board, or the appointed committee if so authorized by the Board, shall have authority to establish reasonable criteria and requirements for alterations, and shall be the sole judge of whether the criteria are satisfied.
- 7.8 Access to Units. In case of emergency, all Units are subject to entry, without notice and at any time, by an officer or member of the Board of the Association, by the Association’s management agents or by any public safety personnel. Entry is also authorized for maintenance purposes under Section 9 and for enforcement purposes under Section 13.

- 7.9 Pets. No pets, animals, rabbits, livestock, fowl or poultry of any kind shall be kept, raised, or bred in or upon the Common Elements or any Unit or any portion thereof, nor shall they be kept, bred or maintained for any purpose whatsoever. No pets shall be allowed to roam unleashed within the Common Elements.
- 7.10 Storage. No Owner or Occupant may store personal property of any nature upon any Common Elements or upon any Unit outside of any Garage. No Owner or Occupant may at any time store hazardous waste or explosives on the Property.
- 7.11 Signs. No signs other than a “For Sale” sign shall be displayed on any Unit. “For Sale” signs not exceeding six (6) square feet in size may be displayed under the supervision of the Board; except that no “For Sale” signs other than those of the Declarant shall be permitted prior to the disposition of the last Unit originally offered for sale by the Declarant within the Property.

SECTION 8

ARCHITECTURAL CONTROL

8.1 Restrictions on Alterations. 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 Unit, no structure, building, addition, wall, window, exterior door, sign, display, decoration, color change, or landscaping change, nor any other exterior improvements to or alteration of any Garage or any part of a Unit which is visible from the exterior of the Unit (collectively referred to as “alterations”), shall be commenced, erected or maintained in a Unit, unless or until the plans and specifications showing the nature, kind, shape, height, color, materials, and locations of the alterations shall be 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 Unit and has no further rights to add Additional Real Estate to the Property.
- b. The criteria for approval shall include and require, at a minimum, (i) substantial uniformity of 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, (iv) adequate protection of the Property, the Association, Owners, and Occupants from liability and liens arising out of the proposed alterations, and (v) compliance with governmental laws, codes and regulations.
- c. Alterations described in Section 15 shall be governed by that Section.

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

- a. Detailed plans, specifications and related information regarding any proposed 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 projected commencement of construction. No alterations shall be commenced prior to approval.
- b. The Board of Directors shall give the Owner written notice of approval or disapproval. If the Board of Directors fails to approve or disapprove within sixty (60) days after receipt of said plans and specifications and all other information requested by the Board of Directors, then approval will not be required, and this Section shall be deemed to have 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 the Owner in whose Unit the alterations are made, by the Association or another Owner, within six months 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 Unit 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 six months following completion and that 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 attorney's fees and costs of enforcement, whether or not a legal action is started. Such attorney's fees and costs shall be a lien against the Owner's Unit and a personal obligation of the Owner. In addition, the association shall have the right to enter the Owner's Unit and to restore any part of the Garage to its prior condition if any alterations were made in violation of this Section, and the cost of such restoration shall be a personal obligation of the Owner and a lien against the Owner's Unit.

SECTION 9

MAINTENANCE

9.1 Maintenance by Association. The Association shall provide for all maintenance, repair, or replacement (collectively referred to as "maintenance") of the Common Elements.

- 9.2 Optional Maintenance by Association. In addition to the maintenance described in Section 9.1, the Association may, with the approval of a majority of votes cast in person or by proxy at a meeting called for such purposes, undertake to provide exterior maintenance to the Units or Garages.
- 9.3 Maintenance by Owner. Except for the maintenance required to be provided by the Association under Section 9.1 or the optional maintenance that the Association may undertake to provide under Section 9.2, all maintenance of the Garages and Units shall be the sole responsibility and expense of the Owners thereof. However, the Owners and Occupants shall have a duty to promptly notify the Association of defects in or damage to those parts of the property which the Association is obligated to maintain. The Association may require that any exterior maintenance be performed by the Owner be accomplished pursuant to specific uniform criteria established by the Association. The Association may also undertake any exterior maintenance which the responsible Owner fails to or improperly performs and assess the Unit and Owner for the cost thereof.
- 9.4 Damage Caused by Owner. Notwithstanding any provision to the contrary in this Section. Of, in the judgment of the Association, the need for maintenance of any part of the Property is caused by the willful or negligent act or omission of an Owner or Occupant, or by a condition in a Unit which the Owner or Occupant has willfully or negligently allowed to exist. The Association may cause such damage or condition to be repaired or corrected (and enter upon any Unit to do so), and the cost thereof may be assessed against the Unit of the Owner responsible for the damage.
- 9.5 Driveway. The Association shall maintain the driveway indefinitely. The driveway is to be viewed as private and therefore shall not be conveyed to the County and /or Township.
- 9.6 Fencing. A buffer consisting of chain link fencing shall be maintained. The fencing shall run the exterior boundaries of the plat known as Paul Bunyan Storage. Should fencing need replacement or repair, it shall be at the Association's expense.

SECTION 10

INSURANCE

10.1 Insurance Coverage.

a. Optional Coverage. The Association may, but shall not be obligated to, obtain a master policy or policies of insurance issued by a reputable insurance company or companies authorized to do business in the State of Minnesota, as follows:

- (1) Property insurance in broad form covering all risks of physical loss in an amount equal to one hundred percent (100%) of the insurable “replacement cost” of the Property, less deductibles, exclusive of land, footings, excavation and other items normally excluded from coverage (but including all building service equipment and machinery). The policy or policies shall cover personal property owned by the Association. The policy or policies shall also contain “Inflation Guard” and “Agreed Amount” endorsements, if reasonably available.
- (2) Fidelity bond or insurance coverage against dishonest acts on the part of the directors, officers, managers, trustees, employees or persons responsible for handling funds belonging to or administered by the Association if deemed to be advisable by the Board. The fidelity bond or insurance shall name the Association as the named insured and shall be written in an amount equal to the greater of (i) the estimated maximum of Association funds, including reserves, in the custody of the Association or management agent at any given time while the bond is in force, or (ii) a sum equal to three months aggregate assessments on all Units plus reserves. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers, or a waiver of defense based upon the exclusion of persons serving without compensation shall be added.
- (3) Director’s and officer’s liability insurance with such reasonable limits and coverage as the Board shall determine from time to time.
- (4) Such other insurance as the Board may determine from time to time to be in the best interests of the Association and the Owners.

b. Required Coverage. The Association shall obtain and maintain, at a minimum, a master policy or policies of insurance issued by a reputable insurance company or companies authorized to do business in the State of Minnesota as follows:

- (1) Comprehensive public liability insurance covering the use, operation and maintenance of Common Elements with minimum limits of \$500,000 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.
- 10.2 Premiums; Improvements; Deductibles. If the Association elects to obtain any insurance coverage specified in Section 10.1, all insurance premiums shall be assessed and paid as a Common Expense. The insurance need not cover improvements and betterments to the Units installed by Owners, but if improvements and betterments are covered, any increased cost may be assessed against the Units affected in any reasonable manner; or (ii) assess the deductible amount against the Units affected in any reasonable manner; or (iii) require the Owners of the Units affected to pay the deductible amount directly.
- 10.3 Loss Payee; Insurance Trustee. All insurance coverage maintained by the Association shall be written in the name of, and the proceeds thereof shall be payable to, the Association (or a qualified insurance trustee selected by it) as trustee for the benefit of the Owners and secured parties, including Eligible Mortgagees, which suffer loss. The Association, or any 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 in accordance with Section 515B.3-113(c) of the Act. Reconstruction shall be completed in accordance with Section 11.1 of this Declaration.
- 10.4 Waivers of Subrogation. All policies of insurance shall contain waivers of subrogation by the insurer against the Association, an Owner, an Occupant, and 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.
- 10.5 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 30 days prior written notice to the Association, all of the insureds and all Eligible Mortgagees.
- 10.6 Restoration in Lieu of Cash Settlement. All policies of property insurance maintained by the Association shall provide that, despite any provisions giving the insurer the right to elect to restore the damage in lieu of a cash settlement, such option shall not be exercisable (i) without the prior written approval of the Association (or any Insurance Trustee) or (ii) when in conflict with provisions of

any insurance trust agreement to which the Association may be a party, or any requirement of law.

- 10.7 No Contribution. All policies of insurance maintained by the Association shall be the primary insurance where there is other insurance in the name of the Owner covering the same property, and may not be brought into contribution with any insurance purchased by Owners or their Eligible Mortgagees.
- 10.8 Effect of Acts Not Within Association's Control. All policies of insurance maintained by the Association shall provide that the coverage shall not be voided by or conditioned upon (i) any act or omission of an Owner or Eligible Mortgagee, unless acting within the scope of authority on behalf of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.
- 10.9 Owner's Personal Insurance. Each Owner may obtain additional personal insurance coverage at his or her own expense covering fire and other casualty to the Unit, personal property or personal liability. All insurance policies maintained by Owners shall provide that they are without contribution as against the insurance purchased by the Association.

SECTION 11

RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN

- 11.1 Reconstruction. The obligations and procedures for the repair, reconstruction or disposition of the Property following damage to or destruction thereof shall be governed by the Act. Any repair or reconstruction shall be substantially in accordance with the plans and specifications of the Property as initially constructed and subsequently improved upon. Notice of substantial damage or destruction shall be given pursuant to Section 18.4. All insurance proceeds payable to the Association or the insurance trustee shall be applied and administered as follows:
- a. Such insurance proceeds paid to the Association shall promptly be deposited in escrow with a reputable title insurance company, authorized to do business in the State of Minnesota, or with such other reputable escrow agent as selected by the Trustee, and held in escrow for restoration of the Property; provided, however that in the event that the cost of repairs or reconstruction is less than \$10,000.00, the Association may, at its discretion, deposit all monies received in its own accounts and undertake the responsibilities of the title insurance company or other escrow agent.
 - b. The Association shall, as promptly as practicable after the insurance proceeds are received and deposited with the escrow agent, enter into a contract with a qualified builder providing for the reconstruction of the improvements affected to substantially the same condition as existed immediately prior to the insured

loss; provided, however, that no contract shall be entered into for an amount in excess of the insurance proceeds until additional funds are deposited sufficient to cover all construction costs as approved by the Association. The Owner shall, in the case of damage to a Garage, and the Association shall, in the case of damage to the Common Elements, promptly deposit such additional funds as are necessary to complete the reconstruction, unless there is an election not to reconstruct pursuant to the Act. Each Owner shall assist and cooperate with the Association, escrow agent, and the builder to insure that reconstruction is accomplished expeditiously. Reconstruction shall be commenced and completed with due diligence, and in the event that it appears that the work will not be completed less than 180 days after said insurance proceeds are deposited in escrow as aforesaid, a performance bond or bonds covering the reconstruction shall be obtained by the Association prior to the expiration of said time.

- c. In the event the Owner fails or refuses to deposit the funds as provided in Section 11.1b, then the Association with the consent of the First Mortgagee, or the First Mortgagee with the consent of the Association, shall have the right, but not the obligation to deposit such funds as it deems necessary to complete said reconstruction. The funds so deposited shall thereupon be a lien against the Unit in question and a personal obligation of the Owners thereof, and/or a lien in favor of a First Mortgagee against the Common Elements to the extent such contributions by a First Mortgagee are used for the reconstruction thereof. The insurance proceeds may be applied in satisfaction of any obligations incurred pursuant to said contracts, without liability of any kind by the Association or First Mortgagee to the Owner. The Association may employ any bonded party or parties as its agents in exercising the foregoing authority and shall be empowered to pay said agent a reasonable fee for the services rendered and to collect said fee from the Owner as a Common Expense.

11.2 Condemnation and Eminent Domain. In the event of a taking of any part of the Property by condemnation or eminent domain, the provisions of the Act shall govern; provided that notice shall be given pursuant to Section 17.10. Eligible Mortgagees shall be entitled to priority for condemnation awards in accordance with the priorities established by the Act and the Governing Documents, as their interests may appear.

11.3 Notice. All Eligible Mortgagees shall be entitled to receive notice of any condemnation proceedings or substantial destruction of the Property, and the Association shall give written notice thereof to an Eligible Mortgagee pursuant to Section 17.10.

SECTION 12

EASEMENTS

- 12.1 Easement for Maintenance, Repair, Replacement and Reconstruction. Each Unit, and the rights of the Owners and Occupants thereof, shall be subject to the rights of the Association to an exclusive, appurtenant easement on and over the Units for the purposes of maintenance, repair, replacement and reconstruction of the Units, and utilities serving the Units, to the extent necessary to fulfill the Association's obligations under the Governing Documents.
- 12.2 Utilities Easements. The Property shall be subject to non-exclusive, appurtenant easements for all utilities, 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. Each Unit, and the rights of the Owners and Occupants thereof, shall be subject to a non-exclusive easement in favor of the Association and all utilities companies providing service to the Units for the installation and maintenance of utilities metering devices.
- 12.3 Continuation and Scope of Easements. Notwithstanding anything in this Declaration to the contrary, in no event shall an Owner or Occupant be denied reasonable access to his or her unit or the right to utility services thereto. The easements set forth in this Section shall supplement and not limit any easements described elsewhere in this Declaration or recorded, and shall include reasonable access to the easement area through the Units and the Common Elements for purposes of maintenance, repair, replacement and reconstruction.

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 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 and the Act.

- 13.1 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, the Act or the decisions of the Association. However, no Owner may

withhold any assessments payable to the Association, or take (omit) other action in violation of the Governing Documents, the Rules and Regulations, or the Act, as a measure to enforce such Owner's position, or for any other reason.

- 13.2 Sanctions and Remedies. In addition to any other remedies or sanctions, expressed or implied, administrative or legal, the Association shall have the right, but not the obligation, to implement any one or more of the following actions against Owners and Occupants who violate the provisions of the Governing Documents, the Rules and Regulations or the Act:
- 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 Unit owned by the defaulting Owner may be accelerated and shall then be payable in full if all delinquent assessments, together with all costs of collection and late charges, are not paid in full prior to the effective date of the acceleration. Reasonable advance written notice of effective date of the acceleration shall be given to the defaulting Owner.
 - d. Impose reasonable fines, penalties or charges for each violation of the Act, the Governing Documents or the Rules and Regulations of the Association.
 - e. Suspend the rights of any Owner or Occupant to use any Common Element amenities; provided, that this limitation shall not apply to easements appurtenant to the Unit, and those portions of the Common Elements providing utilities service and access to the Unit. Such suspensions shall be limited to the periods of default by such Owners and Occupants in their obligations under the Governing Document, and for up to 30 days thereafter, for each violation.
 - f. Restore any portions of the Common Elements damaged or altered, or allowed to be damaged or altered, by any Owner or Occupant in violation of the Governing Documents, and to assess the cost of such restoration against the responsible Owners and their Units.
 - g. Enter any Unit in which, or as to which, a violation or breach of the Governing Documents exists which materially affects, or is likely to materially affect in the near future, the health or safety of the other Owners or Occupants, or the safety and soundness of any Unit or other part of the Property or the property of the Owners or Occupants, and to summarily abate and remove, at the expense of the offending Owner or Occupant, any structure, thing or condition in the Unit which is causing the violation; provided, that any improvements which are part of a

Unit may be altered or demolished only pursuant to a court order or with the agreement of the Owner.

- h. Foreclose any lien arising under the provisions of the Governing Documents or under law, 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.

13.3 Rights to Hearing. In the case of imposition of any remedies authorized by Section 13.2d., e, or f. of this Section. The Board shall, upon written request of the offender, grant to the offender a fair and equitable hearing as contemplated by the Act. 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 days of receipt of the hearing request by the Board, and with at least 10 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 days following the hearing, if not delivered to the offender at the hearing.

13.4 Lien for Charges, Penalties, Etc. Any assessments, charges, fines, penalties or interest imposed under this Section shall be a lien against the Unit of the Owner or Occupant against whom the same are imposed and the personal obligation of such Owner in the same manner and with the same priority and effect as assessments under Section 6. The lien shall attach as of the date of imposition of the remedy, but shall not be final as to violations for which a hearing is held until the Board gives written notice following the hearing. All remedies shall be cumulative, and the exercise of, or failure to exercise, any remedy shall not be deemed a waiver of the right to pursue any others.

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

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

be assessed against the Owner responsible for the condition and against his or her Unit.

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

SECTION 14

SPECIAL DECLARANT RIGHTS

Declarant hereby reserves exclusive and unconditional authority to exercise the following special declarant rights within the meaning of Section 515B.1-103(31) of the Act for as long as it owns a Unit, or for such shorter period as may be specifically indicated:

- 14.1 Complete Improvements. To complete all the Units and other improvements indicated on the Plat, or otherwise included in the Declarant's development plans or allowed by the Declaration, and to make alterations in the Units and Common Elements to accommodate its sales facilities.
- 14.2 Add Additional Real Estate. To add Additional Real Estate to the Property as described in Section 15.
- 14.3 Relocate Boundaries and Alter Units. To relocate boundaries between Units and to otherwise alter Units owned by it, to the extent permitted by Section 15.
- 14.4 Sales Facilities. To construct, operate and maintain a sales office, management office, model Unit, and other development, sales and rental facilities within the Common Elements.
- 14.5 Signs. To erect and maintain signs and other sales displays offering the Units for sale or lease, in or on any Unit owned by the Declarant and on the Common Elements.
- 14.6 Easements. To have and use easements, for itself, its employees, contractors, representatives, agents and prospective purchasers through and over the Common Elements for the purpose of exercising its special declarant rights.
- 14.7 Control of Association. To control the operation and administration of the Association, including without limitation the power to appoint and remove

the members of the Board pursuant to Section 515B.3-103 of the Act, until the earliest of: (i) voluntary surrender of control by Declarant, (ii) an Association meeting which shall be held within 60 days after conveyance of seventy-five percent (75%) of the total number of Units authorized to be included in the Property or (iii) the date five (5) years following the date of the first conveyance of a Unit to an Owner other than a Declarant. Notwithstanding the foregoing, the Owners other than a Declarant shall have the right to nominate and elect not less than 33 1/3% of the Directors at a meeting of the Owners which shall be held within 60 days following the conveyance by Declarant of 50% of the total number of Units authorized to be included in the Property.

- 14.8 Consent to Certain Amendments. As long as Declarant owns any unsold Unit, Declarant's written consent shall be required for any amendment to Sections 4,5,6.5,7,8.1,10,11,12,and 14 of the Declaration.

SECTION 15

RIGHTS TO ADD ADDITIONAL REAL ESTATE, RELOCATE UNIT BOUNDARIES AND ALTER UNITS

15.1 Declarant's Rights to Add Additional Real Estate. Declarant hereby expressly reserves the right to add the Additional Real Estate to the Property. By unilateral action under Section 515B.2-111 of the Act, subject to the following conditions:

- a. The right of Declarant to add the Additional Real Estate to the Property shall terminate ten (10) years after the date of recording of this Declaration or upon earlier express written withdrawal of such right by Declarant or a successor Declarant unless extended by a vote of the Owners pursuant to Section 515B.2-106(2) of the Act. There are no other limitations on Declarant's rights hereunder, except as may be imposed by law.
- b. The Additional Real Estate is described in Exhibit D. The Additional Real Estate may be added to the Property in parcels consisting of one or more platted lots, or portions thereof.
- 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 Additional Real Estate may be developed by Declarant or its successors in interest for any other purposes, subject only to approval by the appropriate governmental authorities.

- d. The maximum number of Units that may be created within the Additional Real Estate described as such on the date of this Declaration is not applicable. All Units created on the Additional Real Estate shall be restricted exclusively to use for storage purposes only.
- e. Any Units created upon the Additional Real Estate, when and if added, shall be compatible with the other Garages, Structures and Units 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 interior and minor exterior changes made by Declarant to meet changes in the market.
- f. All covenants and restrictions contained in this Declaration affecting the use, occupancy and alienation of Units shall apply to all Units created on the Additional Real Estate.
- g. The statements made in the Subsections c through f above shall not apply to any Additional Real Estate which is not added to the Property.

15.2 Rights to Relocate Boundaries and Other Units. Existing or future Units may be altered and Unit boundaries may be relocated only in accordance with the following conditions:

- a. Relocation of Boundaries. The boundaries between adjoining Units may be relocated in accordance with Section 515B.2-114 of the Act and Subsection d of this Section.
- b. Subdivision of Conversion. No additional Units may be created by the subdivision or conversion of a Unit (within the meaning of the Act) into two or more Units, nor into other Units or Common Elements.
- c. Requirements. The alteration, relocation of boundaries or other modifications of Units or the Garages or other structures located therein (collectively referred to herein as “alteration” or “alterations”) pursuant to this Section, Section 8, and the Act may be accomplished only in accordance with the following conditions:
 - (1) No Unit may be altered if, thereafter, the Garage located therein, or any other Garage affected by the alteration, would no longer be practicably usable for its intended purpose or would violate any law, code or ordinance of any governmental authority having jurisdiction over the Property.

- (2) No alteration may be made which adversely affects the structural or functional integrity of any building system or the structural support or weathertight integrity of any portion of any building or other structure.
- (3) The prior written consent of the Association shall be required for any alteration, except alterations by Declarant. Where required, such consent shall be requested in writing by each Owner whose Unit is proposed to be altered, accompanied by such explanation, drawings, and specifications relating to the proposed alterations as may be reasonably required by the Association or the first mortgagee of the Unit. The Association shall give such Owner(s) notice in an expeditious manner, granting, denying or qualifying its consent.
- (4) As a precondition to consenting to alterations the Association may require, among other things, the following: (i) that all alterations will be done in a workmanlike manner without impairing the structural, mechanical or weather-tight integrity of the Building; (ii) that the Common Elements and altered Units will be repaired and/or restored in the future as required by the Association; (iii) that the construction of the alterations will not create dangerous conditions for any Owners or Occupants; (iv) that the Property, the first mortgagees and the Owners and Occupants will be protected from liens and other liability arising from the alterations; and (v) that the alterations will be done in compliance with the applicable laws, regulations and ordinances of the governmental authorities having jurisdiction over the Property.
- (5) The Association may require that the Owners of the Units to be altered pay all costs of processing and documentation for the request and the preparation and recording of any necessary amendment to the Governing Documents, including without limitation such costs as filing, architects and attorneys fees, incurred by the Association in connection with the alterations.

SECTION 16

AMENDMENTS

This Declaration may be amended by the consent of (i) Owners of Units to which are allocated at least sixty-seven percent (67%) of the votes in the Association, (ii) the percentage of Eligible Mortgagees (based upon one vote per first mortgage owned) required by Section 17 as to matters prescribed by said Section and (iii) the consent of Declarant to certain amendments as provided in Section 14.8. 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. Any amendment shall be subject to any greater requirements imposed by the Act. The Amendment shall be effective when recorded as provided in the Act. An affidavit by the Secretary of the Association as to the outcome of the vote, or the execution of the foregoing agreements or consents, shall be adequate evidence thereof for all purposes, including without limitation, the recording of the amendment.

SECTION 17

RIGHTS OF ELIGIBLE MORTGAGEES

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

17.1 Consent to Certain Amendments. The written consent of Eligible Mortgagees representing at least sixty-seven percent (67%) of the Units 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 Governing Documents which causes any change in the following: (1) voting rights; (ii) assessments, assessment liens, or priority of assessment liens; (iii) reserves for maintenance, repair and replacement of Common Elements; (iv) responsibility for maintenance and repairs; (v) reallocation of interests in the Common Elements, or rights to their use; (vi) redefinition of any Unit boundaries; (vii) convertability of Units into Common Elements or vice versa; (viii) expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property; (ix) insurance of fidelity bonds; (x) leasing of Units; (xi) imposition of any restrictions on an Owner's right to sell or transfer his or her Unit; (xii) a decision by the Association to establish self management when professional management is in effect as required previously by the Governing Documents or an Eligible Mortgagee; (xiii) restoration or repair of the Property (after a hazard damage or partial condemnation in a manner other than that specified in the Governing Documents; (xiv) any action to terminate the legal status of the Planned Community after substantial destruction or condemnation occurs; or (xv) any provisions that expressly benefit Eligible Mortgagees, or insurers or guarantors of mortgages.

17.2 Consent to Certain Actions. The written consent of Eligible Mortgagees representing at least sixty-seven percent (67%) of the Units that are subject to first mortgages held by Eligible Mortgagees (based upon one vote per first mortgage owned) shall be required to (i) abandon or terminate the planned community; (ii) change the allocations of voting rights, common Expense obligations or interest in the Common Elements; (iii) partition or

subdivide a Unit except as permitted by statute; (iv) abandon, partition, subdivide, encumber or sell the Common Elements; or (v) use hazard insurance proceeds for other than the repair, replacement or reconstruction of the Property, except as otherwise provided by law.

- 17.3 Consent to Subdivision. No Unit may be partitioned or subdivided without the prior written approval of the Owner and Eligible Mortgagee thereof, and the Association.
- 17.4 No Right of First Refusal. The right of an Owner to sell, transfer, or otherwise convey his or her Unit shall not be subject to any right of first refusal or similar restrictions.
- 17.5 Priority of Lien. Any holder of a first mortgage on a Unit or any purchaser of a first mortgage at a foreclosure sale, that comes into possession of a Unit by foreclosure of the first mortgage or by deed or assignments in lieu of foreclosure, takes the Unit free of any claims for unpaid assessments or any other charges or liens imposed against the Unit by Association which have accrued against such Unit prior to the acquisition of possession of the Unit by said first mortgage holder or purchaser; (i) except as provided in Section 6.9 and the Act and (ii) except that any unreimbursed assessments or charges may be reallocated among all Units in accordance with their interests on the Common Elements.
- 17.6 Priority of Taxes and Other Charges. All taxes, assessments and charges which may become liens prior to the first mortgage under state law shall relate only to the individual Units and not to the Property as a whole.
- 17.7 Priority for Condemnation Awards. No provision of the Governing Documents shall give an Owner, or any other party, priority over any rights of the Eligible Mortgagee of the Unit pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Unit and/or the Common Elements. The Association shall give written notice to all Eligible Mortgagees of any condemnation or eminent domain proceeding affecting the Property promptly upon receipt of notice from the condemning authority.
- 17.8 Requirements for Management Agreements. The term of any agreement for professional management of the Property may not exceed two (2) years. Any such agreement must provide at a minimum for termination without penalty or termination fee by either party, (i) with cause upon thirty (30) days prior written notice, and (ii) without cause upon ninety (90) days prior written notice.
- 17.9 Access to Books and Records/Audit. Eligible Mortgagees shall have the right to examine the books and records of the Association upon reasonable

notice during normal business hours, and to receive free of charge, upon written request, copies of the Association's annual reports and other financial statements. Financial statements, including those which are audited, shall be available within one hundred twenty (120) days of the end of the Association's fiscal year.

- 17.10 Notice Requirements. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor of a mortgage on a Unit, and the Unit number or address, the holder, insurer or guarantor shall be entitled to timely written notice of:
- a. a condemnation loss or any casualty loss which affects a material portion of the Property or the Unit securing the mortgage;
 - b. a 60 day delinquency in the payment of assessments or charges owed by the Owner of a Unit on which it holds a mortgage;
 - c. a lapse, cancellation or material modification of any insurance policy maintained by the Association; and
 - d. a proposed action which requires the consent of a specified percentage of Eligible Mortgagees.

SECTION 18

MISCELLANEOUS

- 18.1 Severability. If any term, covenant, or provision of this instrument or any exhibit attached hereto is held to be invalid or unenforceable for any reason whatsoever. Such determination shall not be deemed to alter, affect or impair in any manner whatsoever any other portion of this instrument or exhibits.
- 18.2 Construction. Where applicable the masculine gender of any word used herein shall mean the feminine or neutral gender, or vice versa, and the singular of any word used herein shall mean the plural, or vice versa. 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.
- 18.3 Tender of Claims. In the event that an incident occurs which could reasonably give rise to a demand by 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.

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

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

IN WITNESS WHEREOF, the undersigned has executed this instrument the day and year first set forth in accordance with the requirement of the Act.

D. W. JONES, INC.

By: _____
Ronald Duchesneau, Jr.
Vice President

STATE OF MINNESOTA)
) ss.
COUNTY OF CASS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2004, by Ronald Duchesneau, Jr., the Vice President of D.W. Jones, Inc., a Minnesota Corporation, on behalf of said entity.

Notary Public

Drafted By:
D. W. Jones, Inc.
P.O. Box 340
Walker MN 56484
(218) 547-3307

EXHIBIT A

PROPERTY

Unit One (1) through Twenty-six (26), and Common Element, Paul Bunyan Storage, a
Common Interest Community Number 21
Itasca County, Minnesota

EXHIBIT B

COMMON ELEMENTS

Common Element, Paul Bunyan Storage, a Common Interest Community Number 21
Itasca County, Minnesota

EXHIBIT C

SCHEDULE OF UNITS

Following are the corresponding legal descriptions and unit designations:

Unit One, Paul Bunyan Storage
Unit Two, Paul Bunyan Storage
Unit Three, Paul Bunyan Storage
Unit Four, Paul Bunyan Storage
Unit Five, Paul Bunyan Storage
Unit Six, Paul Bunyan Storage
Unit Seven, Paul Bunyan Storage
Unit Eight, Paul Bunyan Storage
Unit Nine, Paul Bunyan Storage
Unit Ten, Paul Bunyan Storage
Unit Eleven, Paul Bunyan Storage
Unit Twelve, Paul Bunyan Storage
Unit Thirteen, Paul Bunyan Storage
Unit Fourteen, Paul Bunyan Storage
Unit Fifteen, Paul Bunyan Storage
Unit Sixteen, Paul Bunyan Storage
Unit Seventeen, Paul Bunyan Storage
Unit Eighteen, Paul Bunyan Storage
Unit Nineteen, Paul Bunyan Storage
Unit Twenty, Paul Bunyan Storage
Unit Twenty-one, Paul Bunyan Storage
Unit Twenty-two, Paul Bunyan Storage
Unit Twenty-three, Paul Bunyan Storage
Unit Twenty-four, Paul Bunyan Storage
Unit Twenty-five, Paul Bunyan Storage
Unit Twenty-six, Paul Bunyan Storage
Common Element, Paul Bunyan Storage

EXHIBIT D

ADDITIONAL REAL ESTATE

There is no additional real estate for this declaration of Paul Bunyan Storage.