

**COMMON INTEREST COMMUNITY NUMBER 252
A CONDOMINIUM**

**ROCHESTER CRIMSON RIDGE
DECLARATION**

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Pursuant to the provisions and authority of Minnesota Statutes, Chapter 515B, Centex Homes, a Nevada general partnership ("Declarant"), makes and executes this Declaration to submit certain real property which Declarant owns in fee simple and which is legally described on the attached **Exhibit A** together with the buildings and improvements located thereon (the "Subject Property"), to the provisions of the Minnesota Common Interest Ownership Act, Minnesota Statutes, Chapter 515B.

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

1.1 "Additional Real Estate" means the real estate that Declarant may add to the Common Interest Community pursuant to Section 9. The Additional Real Estate is legally described on the attached **Exhibit B**.

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

1.3 "Articles of Incorporation" or "Articles" means the Association's articles of incorporation.

1.4 "Association" means Rochester Crimson Riddge Association, a Minnesota nonprofit corporation organized and existing under the Non-Profit Act.

1.5 "Board" means the Association's board of directors.

1.6 "Bylaws" means the Association's bylaws.

1.7 "CIC Act" means the Minnesota Common Interest Ownership Act, Minnesota Statutes Chapter 515B, as the same may be amended from time to time, and any successor statutes.

1.8 "Common Elements" means all portions of the Common Interest Community other than the Units.

1.9 "Common Expenses" means any and all expenditures made and liabilities incurred by or on behalf of the Association together with the amounts necessary to fund scheduled deposits in reserve accounts established to provide funds to pay for the replacement of Common Elements, including Limited Elements, at the end of the estimated useful life of the Common Elements.

1.10 "Common Interest Community" means Rochester Crimson Ridge, Common Interest Community Number 252, Olmsted County, Minnesota including any Additional Real Estate subsequently added to the Common Interest Community.

1.11 "Common Interest Community Plat" means that part of the Declaration which constitutes the drawing of the layout of the Common Interest Community.

1.12 "Declarant" means Centex Homes, a Nevada general partnership; any person who executes an amendment to this Declaration adding Additional Real Estate to the Common Interest Community, other than persons holding interest in the real estate solely as security for an obligation, or any person who succeeds under the provisions of the CIC Act to any Special Declarant Rights.

1.13 "Declarant Control Period" means the period during which Declarant, or a Person the Declarant designates, has the exclusive right to remove the directors designated in the Articles of Incorporation or their approved successors, at will, and appoint successors and to appoint and remove the Association's officers, which rights commence with the filing of the Articles of Incorporation and extend until the earlier of:

1.13.1 Five years from the date this Declaration is filed in the county land records;

1.13.2 Declarant's voluntary surrender of Declarant's right to appoint directors; or

1.13.3 The date sixty days after the date Declarant has conveyed seventy-five percent of the Units to Purchasers. To calculate the percentage of Units a Declarant has sold to Purchasers, the number of Units a Declarant has sold to Purchasers is divided by the total number of Units Declarants may create if Declarants add all Additional Real Estate to the Common Interest Community.

1.14 "Declaration" means this document and all amendments hereto.

1.15 "Eligible Mortgage" means a first mortgage held by a mortgagee who has submitted a written request to the Association asking the Association to notify the

mortgagee of any action that, under the terms of the Declaration, requires the consent of a specific percentage of mortgagees.

1.16 "Fractional Allocation" means the fraction assigned to each Unit in Section 7 of this Declaration which determines: the undivided interest in the Common Elements appurtenant to the Unit and the share of the Association's Common Expenses the Board may assess against the Unit and for which the Unit's Owners are personally liable.

1.17 "FHA" means the Federal Housing Administration.

1.18 "FNMA" means the Federal National Mortgage Association.

1.19 "Limited Common Elements" means any part of the Common Elements this Declaration or the CIC Act allocates for the exclusive use of one or more but fewer than all Units.

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

1.21 "Non-Profit Act" means the Minnesota Non-Profit Corporation Act, Minn. Stat. Ch. 317A, as the same may be amended from time to time, and any successor statutes.

1.22 "Owner" means any Person, including a Declarant and a contract for deed vendee, who has an ownership interest in a Unit, but does not include a Secured Party.

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

1.24 "Project Documents" means this Declaration, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association, if any, as the same may be amended from time to time.

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

1.26 "Secured Party" means a Person owning a perfected interest in a portion of the Common Interest Community, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a mortgagee's interest in a mortgage, a vendor's interest in a contract for deed, a lessor's interest in a lease intended as security, a holder's interest in a sheriff's certificate of sale during the period of redemption, an assignee's interest in the assignment of leases or rents intended as

security, a lender's interest in a cooperative share loan, a pledgee's interest in the pledge of an ownership interest, or any other interest intended as security for an obligation under a written agreement.

1.27 "Special Declarant Rights" means the rights reserved to Declarants in Section 8 of this Declaration.

1.28 "Subject Property" means the real property legally described on Exhibit A, which is the property this Declaration subjects to the provisions of the CIC Act; any Additional Real Estate a Declarant adds to the Common Interest Community pursuant to Section 9 of this Declaration and the CIC Act; and any improvements or fixtures located thereon.

1.29 "Unit" means a physical portion of the Common Interest Community the boundaries of which are described in this Declaration and depicted on the Common Interest Community Plat and which is intended for separate ownership.

2. Description of the Common Interest Community. The name of the Common Interest Community is Rochester Crimson Ridge. The Common Interest Community is a Condominium. The Olmsted County Recorder has assigned Common Interest Community No. 252 to the Common Interest Community. The Common Interest Community is located on the Subject Property in the City of Rochester, Olmsted County, Minnesota. There are 10 Units in the Common Interest Community. The Units are restricted to residential use. Declarant has reserved the right to add additional Units and Common Elements to the Common Interest Community as set forth in Section 9 of this Declaration.

3. Description of the Association. Declarant has incorporated a Minnesota non-profit corporation under the Non-Profit Act to administer the Common Interest Community. The corporation's name is Rochester Crimson Ridge Association. The duties and powers of the Association and the Board are as set forth in the CIC Act, the Non-Profit Act, the Articles of Incorporation, the Bylaws and this Declaration.

4. Description of the Units. The Units are described in Section 1.29 of this Declaration. The Common Interest Community Plat depicts the location of each Unit and sets forth the Unit Identifier assigned to and the dimensions of each Unit. The boundaries of the Units are the interior, unfinished surfaces of: perimeter walls, including perimeter doors and windows and their frames; interior, load-bearing walls; floors; and ceilings of the Unit. All paneling, tiles, wallpaper, paint, floor coverings, window treatments or other materials applied to the interior surfaces of the: perimeter walls, including perimeter doors and windows and their frames; interior, load bearing walls; floors; or ceilings are part of the Unit, and all other portions of the perimeter walls, including perimeter doors and windows and their frames; their interior, load bearing walls; and the floors and ceilings are part of the Common Elements. All interior, non-load bearing walls, or partitions and any fixtures and improvements located entirely within the described boundaries of a Unit are part of the Unit.

5. Description of the Common Elements. The Common Elements consist of all the real property and fixtures included in the Common Interest Community except for the real

property and fixtures which are part of a Unit. The Common Elements include the Limited Common Elements. The Common Elements include, without limitation, all foundations, columns, girders, beams, supports, exterior walls (including exterior doors, windows and their frames), interior load-bearing walls, walls separating Units, corridors, stairs, yards, gardens, recreational areas and facilities, private roads, parking areas, driveway areas, central and appurtenant installations for utility services and all water, sanitary sewer and storm sewer mains, pipes and lines, and related fittings, which are located within the Common Interest Community but which are not part of a Unit and which are not publicly owned and maintained. Any portion of any chute, flue, duct, pipe, wire, conduit, bearing wall, bearing column, or other fixture that serves more than one Unit or any portion of the Common Elements is part of the Common Elements.

6. Description of the Limited Common Elements. Any improvements such as shutters, awnings, window boxes, doorsteps, stoops, balconies, decks, patios, fences, perimeter doors and windows (and their frames), and enclosed or unenclosed porches, constructed as a part of the original construction of a Unit or Units or subsequently constructed with the consent of the Board, and authorized replacements and modifications thereof, if located outside the boundaries of the Unit or Units, are Limited Common Elements assigned exclusively to that Unit or those Units. Any portion of any chute, flue, duct, pipe, wire, conduit, bearing wall, bearing column, or other fixture that lies outside the designated boundaries of a Unit (including, but not limited to, water and sanitary sewer mains, lines, pipes and related fittings) but serves only that Unit is a Limited Common Element allocated solely to that Unit. The Common Interest Community Plat shows the location and dimensions of significant Limited Common Elements such as porches, balconies, decks and patios.

7. Allocated Interests. The formula used to allocate membership votes in the Association and the liability for the Common Expenses assigned for each Unit is equality. Each Unit (whether created by this Declaration or by an amendment to this Declaration adding Additional Real Estate to the Common Interest Community) is allocated one membership vote in the Association. Each Unit is also hereby assigned a Fractional Allocation that determines the liability for Common Expenses allocated to each Unit. Fractional Allocations are equal for all Units. The Fractional Allocation assigned to each Unit is a fraction the numerator of which is one and the denominator of which is the total number of Units in the Common Interest Community. Declarant has reserved the right to create additional Units on the Additional Real Estate as set forth in Section 9 of this Declaration. If Declarant executes and records one or more amendments to this Declaration adding Additional Real Estate to the Common Interest Community, each Unit's Fractional Allocation is recalculated upon the recording of each amendment. The new Fractional Allocation assigned to each Unit after the recording of an amendment is a fraction, the numerator of which is one and the denominator of which is the total number of Units in the Common Interest Community after the execution and recording of the amendment. The reallocation of the Fractional Allocation of the Units does not alter or affect the amount of any liens for unpaid installments of annual or special assessments levied before the reallocation or an Owner's obligation to pay future installments of special assessments levied before the recording of the amendment.

8. Special Declarant Rights. Except for the Special Declarant Rights described in this Section 8, Declarant's rights and obligations with respect to any Units Declarant owns are

the same as any other Unit Owner. Declarant reserves, for the benefit of any Declarant, the right to:

8.1 Complete improvements depicted on the Common Interest Community Plat;

8.2 Add Additional Real Estate to the Common Interest Community pursuant to Section 9 of this Declaration;

8.3 Maintain sales offices, management offices, signs advertising the Common Interest Community and models pursuant to Section 10 of this Declaration;

8.4 Appoint or remove and appoint replacements for the Association's directors and officers pursuant to Section 11 of this Declaration; and

8.5 Use easements through the Common Elements for the purpose of making improvements within the Common Interest Community or on any Additional Real Estate pursuant to Section 16.1 of this Declaration.

8.6 Enter periodically upon the Common Elements and the Units to inspect the maintenance and upkeep of the Common Elements and the Units, including building exteriors, common mechanical systems, common structural items, landscaping, irrigation systems and common area amenities such as playgrounds and clubhouses. Before entering onto the Common Elements or the Units, Declarant will schedule and coordinate its inspection through the Association's management company or the president of the Association's Board of Directors. During an inspection, the Declarant may review the condition of the Common Elements and the Units and, if appropriate, make recommendations to the Association relating to the repair and maintenance of such Common Elements or the Units. Declarant may also, if it so chooses, make repairs or take other corrective action with respect to repair or maintenance items that it identifies during the inspection.

9. Additional Real Estate.

9.1 Declarant reserves the right to record one or more amendments to this Declaration adding all or any part of the Additional Real Estate to the Common Interest Community. The right to add Additional Real Estate will expire on the date which is seven years after the date Declarant records this Declaration in the county land records. If, prior to the expiration of the seven-year period, Declarant determines that it will not add all or any portion of the Additional Real Estate to the Common Interest Community, Declarant may record a statement to that effect in the appropriate county land records, and upon the recording of the statement, Declarant's right to add to the Common Interest Community the Additional Real Estate described in the statement to the Common Interest Community terminates.

9.2 Declarant may add portions of the Additional Real Estate at different times. Declarant makes no assurances regarding the configuration or boundaries of the portions of the Additional Real Estate Declarant may add to the Common Interest

Community, the order in which Declarant will add portions of Additional Real Estate to the Common Interest Community or that Declarant will add any of the Additional Real Estate to the Common Interest Community. Declarant is not obligated to add any Additional Real Estate to the Common Interest Community.

9.3 Declarant may create a maximum of 84 Units on the Additional Real Estate. All Units created on the Additional Real Estate are restricted to residential use.

9.4 Any and all buildings and Units on the Additional Real Estate, when and if added to the Common Interest Community, must be compatible with the other buildings and Units in the Common Interest Community in terms of the quality of construction and must be substantially complete before the Additional Real Estate is added to the Common Interest Community. In recognition of ongoing developments in the field of housing construction and energy supply and changes in consumer demand for housing, Declarant makes no assurance with regard to the architectural style, the principal materials which may be employed in the construction or the size of the Units or buildings, if any, erected upon the Additional Real Estate when and if the Additional Real Estate is added to the Common Interest Community.

9.5 All restrictions contained in this Declaration which affect the use, occupancy or alienation of Units will apply to all Units created on any Additional Real Estate which Declarant adds to the Common Interest Community. An amendment which adds Additional Real Estate to the Common Interest Community may contain additional restrictions as may be necessary to reflect the different character of the Additional Real Estate which is the subject of the amendment. Any additional restrictions contained in an amendment to this Declaration affect only the Additional Real Estate described in the amendment.

9.6 Before recording an amendment adding Additional Real Estate to the Common Interest Community, Declarant must serve notice of its intention to add Additional Real Estate as provided for in the CIC Act and, if applicable, must obtain any written approvals the FHA requires. If Declarant complies with the CIC Act and this Declaration, Declarant may add the Additional Real Estate without the approval or consent of the Association or any Owner. Any assurances set forth in this Declaration regarding Additional Real Estate do not apply to the Additional Real Estate if Declarant does not add the Additional Real Estate to the Common Interest Community. If an amendment adding Additional Real Estate to the Common Interest Community creates additional Units, the Fractional Allocation assigned to each Unit is reallocated pursuant to Section 7 of this Declaration.

10. Model Units and Sales and Management Offices. Declarant reserves the right to maintain sales offices, management offices and model units in Units the Declarant owns, on Common Elements or on the Additional Real Estate. Declarant reserves the right to increase or decrease the number of Units Declarant uses as sales offices or models; to relocate the sales offices or models to other Units, the Common Elements or Additional Real Estate; or to use a Unit as a management office. Declarant further reserves the right to maintain signs on the Common Elements and in or on model units advertising the Common Interest Community,

including the advertisement and promotion of the sales of Units. Notwithstanding anything to the contrary in this Declaration, so long as Declarant owns at least one Unit in the Common Interest Community which the Declarant is holding for sale, the Association may take no action which adversely affects Declarant's ability to sell the Unit or Units without prior written consent of Declarant.

11. Declarant Control of the Association: Declarant designated the Association's initial Board in the Articles of Incorporation. The initial Board has three members until increased to five members pursuant to the election procedure described below. The Declarant, or any person the Declarant designates, has the exclusive right to remove one or more of the three directors designated in the Articles of Incorporation or their approved successors, at will, and appoint successors during the Declarant Control Period. During the Declarant Control Period, the Declarant may also appoint and remove the Association's officers. Within sixty days after the date a Declarant has conveyed fifty percent of the Units to Purchasers, the Board must call and hold an annual or special meeting of the Members. At that meeting, the Members must elect two additional directors. From the date of that election until the election described in the following sentence, the Board consists of five directors. Within sixty days after the expiration of the Declarant Control Period, the Board must call and hold an annual or special meeting of the Members. At that meeting, the terms of all five directors expire, and the Members must elect three directors. The term of office of one director is fixed for three years; the term of office of one director is fixed at two years; and the term of office of one director is fixed at one year. Thereafter, all directors are elected for three-year terms. Directors take office upon election and hold office until they resign, the Members remove them pursuant to the Bylaws or their terms expire and the Members elect successor directors. To calculate the percentage of Units Declarant has sold to Purchasers, the number of Units Declarant has sold to Purchasers is divided by the total number of Units which Declarant has built or has reserved the right to build and add to the Common Interest Community.

12. Restrictions on the Use, Occupancy or Alienation of Units and Common Elements. The Units and the Common Elements are subject to the following restrictions:

12.1 The Units may be occupied and used only for residential purposes. Only Owners, their families, guests and tenants may occupy and use Units. Units may not be used in a manner that violates Federal law, State law or local ordinances.

12.2 A conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of a Unit includes all rights, obligations and interests appurtenant to the Unit, including, but not limited to, the undivided interest in the Common Elements allocated to the Unit, whether or not those rights, obligations or interests are expressly described. Except as provided in Minn. Stat. § 515B.3-112, any purported conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the Common Elements made without the Unit to which that interest is allocated and any purported conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of a Unit without the undivided interest in the Common Elements allocated to the Unit is void. Each Unit and its allocated interest in the Common Elements constitutes a separate parcel of real estate.

12.3 Owners may not lease their Units for any period less than nine months. Other than the foregoing restriction, Owners have the absolute right to lease their Units, provided the Owner and the tenant have a written lease agreement; the lease agreement obligates the tenant to observe each of the restrictions and perform each of the covenants the Project Documents impose upon an Owner; the lease agreement expressly states that the Association is an intended third party beneficiary of tenant's obligation to observe the terms of the Project Documents; and the Owner delivers a copy of the lease to the Association before commencement of the lease term.

12.4 No Owner, tenant or occupant may park a vehicle on the Common Elements except for the portion of the Common Elements, if any, originally improved and subsequently maintained as a driveway serving the Owner's, tenant's or occupant's Unit, obstruct the Common Elements or store anything in or on the Common Elements without the Board's prior, written consent. No Owner, tenant, occupant or other Person may keep or store any trailers or major recreational equipment, including, but not limited to, camper trailers, pick-up campers, motorized self-propelled motor homes, boats, boat trailers, snowmobiles or snowmobile trailers, on any portion of the Units or the Common Elements. No Owner, tenant or occupant may store anything in the garage portion of a Unit that prevents use of the garage portion of the Unit for storage of the Owner's, tenant's or occupant's personal automobile.

12.5 The occupation and use of Units and the Common Elements is subject to rules and regulations the Board establishes pursuant to Article III of the Bylaws. If, during the period the Declarant has the right to appoint directors to the Board, Units are subject to mortgages the FHA insures or guaranties, the Board must acquire any necessary approvals from the FHA before enforcing any rules and regulations.

12.6 No one may do or keep anything in any Unit or in the Common Elements that will increase the rate of insurance on the Common Interest Community without the Board's prior written consent. No Owner may permit anything to be done or kept in his or her Unit or in or on the Common Elements that will result in the cancellation of insurance on the buildings or contents thereof.

12.7 Owners, tenants and occupants may not cause or permit anything, including, but not limited to, signs, awnings, canopies, shutters, window boxes, decks, patios, balconies, porches or radio or television antenna to be affixed to or placed upon the exterior walls, roof or any other exterior part of the Common Interest Community buildings, or on the Units or the Common Elements, without the Board's prior written consent. Federal law may obligate the Board to consent to an Owner's placement of a radio or television antenna on Limited Common Elements allocated to the Owner's Unit. No clothes, sheets, blankets, laundry or any kind of other articles shall be hung out or exposed on any part of the Units or Common Elements.

12.8 No Owner, tenant or occupant may raise, breed or keep animals (including, but not limited to, dogs, cats, reptiles, rabbits, livestock, fowl or poultry of any kind) in any Unit or in the Common Elements, except that Owners, tenants and occupants may keep dogs, cats or other household pets in Units, subject to all rules and

regulations the Board adopts regarding the keeping of pets; the Owner, tenant or occupant must not keep, breed or maintain the dogs, cats or other household pets for any commercial purpose. Owners, tenants and occupants must permanently remove any pet causing or creating a nuisance or unreasonable disturbance from the Common Interest Community upon three days written notice from the Board.

12.9 No one may carry out any noxious or offensive activity in any Unit or in the Common Elements, nor may anyone do anything therein, either willfully or negligently, which may be a nuisance to the other Owners, tenants or occupants. No Owner, tenant or occupant may overload the electric wiring in the buildings; or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others or connect any machines, appliances, accessories or equipment to the Common Element heating, plumbing or electrical systems, without the Board's prior written consent.

12.10 Except as otherwise provided herein, no Owner, tenant or occupant of a Unit may conduct, maintain, or permit any industry, business, trade, occupation or profession of any kind, commercial, educational, religious, or otherwise, in any Unit or on the Common Elements. Nothing herein contained shall be construed in such a manner as to prohibit an Owner, tenant or occupant from:

12.10.1 maintaining his or her professional library in a Unit;

12.10.2 keeping his or her personal business or professional records or accounts in a Unit; or

12.10.3 handling his or her personal business or professional telephone calls or correspondence from a Unit.

12.11 No "For Sale" or "For Rent" signs, advertising signs or other displays may be maintained on any part of the Units or the Common Elements except with the consent of the Board or pursuant to rules and regulations the Board adopts; provided however, that nothing contained herein limits Declarant's rights as provided in Section 10 of this Declaration.

12.12 Nothing shall be constructed on or removed from the Common Elements and the Common Elements may not be altered or disturbed without the prior written consent of the Board.

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

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

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

14.1 The Board must levy annual assessments and may levy special assessments for Common Expenses against each Unit pursuant to the procedures stated in Article V of the Bylaws. Owners may not withhold payment of annual or special assessments or reduce the amount of the Owner's payments as a set-off against claims which the Owner asserts against the Association. If an Owner fails to pay any installment of an annual or special assessment, in full, within ten days of the date due, the payment is delinquent and interest accrues without any notice to the Owner and without any action by the Board. Interest accrues as of the date the payment was due at the judgment rate of interest as determined by Minnesota Statutes Section 549.09. In addition, if assessment payments are not made when due, the Board has the right to charge a late fee. The Board must establish and may modify the amount of the late fee by resolution. If any installment of an assessment becomes more than sixty days past due, the Association may, upon ten days' written notice to the Owner, declare the entire amount of the assessment immediately due and payable in full. In the foreclosure of the Association's lien for unpaid assessments, either by action or by advertisement, or a suit to recover a money judgment for unpaid assessments, the Association may recover all unpaid annual or special assessments, interest and late charges as described above and all costs of collection, including actual attorneys' fees and costs.

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

14.3 The Association has a lien on a Unit for the amount of any assessment the Board levies against the Unit. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment of the assessment becomes due. The Association's lien has priority over all other liens except only:

14.3.1 liens and encumbrances recorded before the recordation of this Declaration, if any;

14.3.2 the lien of a recorded, first mortgage on the Unit; and

14.3.3 liens for real estate taxes and other governmental assessments levied against the Unit.

If a first mortgage on a Unit is foreclosed and no Owner or junior lienholder redeems the Unit from foreclosure during the period of redemption provided for in Minn. Stat. Chs. 580, 581 or 582, the holder of the Sheriff's Certificate of Sale from the foreclosure of the first mortgage takes title to the Unit subject to unpaid assessments for Common Expenses to the extent provided for in Minn. Stat. § 515B.3-116. In general, Minn. Stat. § 515B.3-116 states that the holder of the Sheriff's Certificate of Sale from the foreclosure of the first mortgage takes title to the Unit subject to unpaid assessments for Common Expenses which become due, without acceleration, during the six months immediately preceding

the first day following the end of the Owner's period of redemption, except for Common Expenses levied pursuant to Sections 2(e), 2(f) and 2(h) of Article V of the Bylaws.

14.3.4 The Association is subject to Minn. Stat. § 515B.3-116(d), as the same may be amended from time to time, which, as of the date of this Declaration, provides that proceedings to enforce an assessment must be instituted within three years after the last installment of the assessment becomes payable, or are barred.

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

15. Maintenance of Units and Common Elements; Unit Improvements and Alterations; and Relocation of Boundaries Between Units.

15.1 Each Owner must maintain and keep the Owner's Unit in good order and repair, at the Owner's sole cost and expense. The Association must maintain, repair and replace, in the manner and to the extent the Board deems necessary, the Common Elements, including the Limited Common Elements. The cost of maintaining, repairing and replacing the Common Elements is a Common Expense. The Association must promptly repair any damage to a Unit resulting from work the Association or its agents perform. Each Owner must promptly report to the Association the need for any maintenance or repairs that are the Association's responsibility. Owners must reimburse the Association for any costs the Association incurs to repair any damage to other Units or Common Elements resulting from the Owner's failure to promptly perform necessary maintenance and repairs to the Owner's Unit. The Association must also maintain, repair and replace any sidewalks or landscaping located on the Subject Property (including portions of the Subject Property subject to drainage and utility easements) or located on public rights of way adjacent to the Subject Property.

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

15.3 An Owner may make any improvements or alterations to the interior of the Owner's Unit that do not impair the structural integrity of the building in which the Unit is located or impair or overload mechanical systems serving the Unit or other Units in the Common Interest Community; affect the Common Elements; or lessen the support of any portion of the Common Interest Community. An Owner making improvements or

alterations to the Owner's Unit must comply with all applicable federal, state and local laws, ordinances and building codes and make prior arrangements with the Association to ensure that other Owners are not disturbed, the Common Elements are not damaged and the Common Elements and other Units are protected against mechanic's liens. The Association has the authority to make improvements to or on the Common Elements, subject to the provisions of Section 14(g), Article III of the Bylaws.

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

16. Easements.

16.1 Declarant declares and reserves a non-exclusive easement for the benefit of Declarant, its employees, servants and agents, for ingress and egress over and upon the Common Elements (including the Limited Common Elements) for the purposes of laying foundation for and otherwise constructing Units and Common Element improvements in the Common Interest Community or on the Additional Real Estate and for completing landscaping of the Common Elements. Declarant must repair any damage to the Common Elements resulting from Declarant's exercise of Declarant's easement rights. The easement declared and reserved in this Section 16.1 terminates no later than sixty days after the Declarant completes construction of all Units in the Common Interest Community and all Units Declarant has the right to construct on the Additional Real Estate and all landscaping of the Common Elements now or hereafter constructed pursuant to this Declaration. Declarant may not use Common Elements, other than Common Elements improved or to be improved as private roadways or driveways, for access to Additional Real Estate if other, public access to the Additional Real Estate is reasonably available.

16.2 Each Unit and its respective Owner(s) are subject to and have appurtenant thereto a permanent, non-exclusive easement in the Common Elements for ingress to and egress from the Units; utility services and support for the Units; and maintenance and repair of the Units and the Common Elements and for similar purposes. The Units and the Common Elements are subject to an easement for any encroachments resulting from the construction, reconstruction, repair, shifting, settlement or other movement of Units and Common Elements.

16.3 The Common Elements are subject to and the Units and the Common Elements are benefited by the easements set forth in the instrument entitled _____, dated _____ and recorded with the Olmsted County Recorder on _____ as Document No. _____.

16.4 The easement described in Section 16.1 is an easement in gross. Declarant may assign its rights under the easement described in Section 16.1 to successor Declarants. The easement is described in Sections 16.2 and 16.3 are appurtenant easements and run with the title to the Units and the Common Elements. The easements

described in Section 16.2 inure to the benefit of and are binding on the Declarant, its successors and assigns, and any Owner, purchaser, mortgagee or other person having an interest in a Unit or Common Elements, or any part or portion thereof.

17. Insurance.

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

17.2 The Board must obtain the following insurance for the Common Interest Community:

17.2.1 A master or blanket policy of insurance on the Common Interest Community, including i) the Units and ceiling or wall finishing materials, floor coverings, cabinetry, finished millwork, electrical and plumbing fixtures and built-in appliances constructed or installed as part of the original construction of a Unit and comparable replacements (but not replacements that constitute improvements or betterments); ii) the Common Elements; and iii) any personal property belonging to the Association, for broad form covered causes of loss, including all hazards normally covered by the standard extended coverage endorsement and the standard "all risk" endorsement. The policy must include the following endorsements: a special condominium endorsement (or its equivalent); an inflation guard endorsement, when it can be obtained; if there is a construction code provision that would require changes to undamaged portions of the buildings even when only part of a building is destroyed, a construction code endorsement; and if the Common Interest Community has central heating or cooling, a steam boiler and machinery coverage endorsement providing for the insurer's minimum liability per accident to at least equal the lesser of \$2,000,000 or the insurable value of the buildings housing the boiler or machinery. The policy may also include the following endorsements: contingent liability from operation of building laws endorsement, increased costs of construction endorsement and an endorsement to provide for the payment of annual assessments for damaged Units during the period of reconstruction. The insurance shall be in an amount not less than the full insurable replacement cost of the Units and the Common Elements at the time the insurance is purchased and at each renewal date, exclusive of items normally excluded from property insurance

policies and subject to a "deductible" in an amount which the Board deems reasonable but which does not exceed the lesser of \$10,000 or 1% of the policy's face amount. The Board shall obtain this insurance from a carrier that has a B general policyholder's rating or a financial performance index of 6 or better in the Best's Insurance Reports or an A or better rating from Demotech, Inc.'s Hazard Insurance Financial Stability Ratings.

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

17.2.3 If any part of the Common Interest Community improvements are in a special flood hazard area (which is designated A, AE, AH, AO, A1-30, A-99, V, VE or V1-30 on a Flood Insurance Rate Map), flood insurance in such amounts as the Board deems desirable but in no event may such amounts be less than FNMA requires.

17.2.4 The Association must obtain and maintain blanket fidelity insurance coverage for anyone who either handles or is responsible for funds the Association holds or administers, whether or not the individual receives compensation for his or her services. The blanket fidelity insurance policy must name the Association as the insured. If the Association hires a management agent and the management agent handles funds for the Association, the Association must require the management agent to obtain and maintain a fidelity insurance policy providing substantially the same coverage as the Association's policy. The Association's policy and the management agent's policy must each provide that in the event of claims based on the actions of the management agent or the management agent's employees, the coverage provided by the management agent's policy is primary. The Association's policy (and, if applicable, the management agent's policy) should cover the maximum funds that will be in the custody of the Association or, if applicable, its management agent, at any time while the policy is in force.

17.2.5 Such other insurance (including insurance with respect to officers' and directors' liability, worker's compensation insurance as necessary to comply

with applicable laws and employee's liability insurance) the Board deems appropriate.

17.3 The insurance policies carried pursuant to Section 17.2 must:

17.3.1 include a waiver of the insurer's right to subrogation under the policy against any Owner or members of the Owner's household and against the Association and members of the Board;

17.3.2 provide that no act or omission of an Owner or Secured Party will void the policy or be a condition to recover under the policy unless the Owner is acting on behalf of the Association and within the scope of his or her authority;

17.3.3 provide that, if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same property which the Association's policy covers, the Association's policy is primary insurance;

17.3.4 identify the Association as the loss payee and contain a standard mortgagee clause naming all holders of first mortgages on Units. This Section 17.3.4 applies only to the policies carried pursuant to Sections 17.2.1 and 17.2.3;

17.3.5 provide that notwithstanding any provision thereof which gives the insurer an election to restore damage in lieu of making a cash settlement therefor, such option is not exercisable if the Owners elect to sell the Common Interest Community or remove the Common Interest Community from the provisions of the CIC Act. This Section 17.3.5 applies only to the policy described in Section 17.2.1;

17.3.6 include an endorsement obligating the insurer to provide at least thirty (30) days written notice to the Association, each Owner, each mortgagee and any insurers or guarantors of a first mortgage on a Unit prior to cancellation, including cancellation for nonpayment of premiums; and

17.3.7 obligate the insurer to issue certificates or memoranda of insurance, upon request, to any Owner or Secured Party.

The Association must obtain all policies of insurance provided for in this Section 17 from insurers of recognized responsibility authorized to do business in the State of Minnesota.

17.4 The Board must adjust any loss covered under the policy described in Section 17.2-1 with the insurer. Insurance proceeds payable as a result of any loss are payable to the Association or to a bank or trust company authorized to accept and execute trusts in the State of Minnesota which the Board has designated to act as trustee for the Board pursuant to the CIC Act for the purpose of collecting and disbursing insurance proceeds (the "Insurance Trustee"). The Board and the Insurance Trustee may enter into an insurance trust agreement further implementing the provisions of the CIC Act and this Declaration with respect to the Insurance Trustee's collection and disbursement of the insurance proceeds. The Insurance Trustee or the Board must hold any insurance

proceeds in trust for Owners and Secured Parties as their interest may appear. Subject to Section 18.1 of this Declaration, the Board or the Insurance Trustee must apply the insurance proceeds, less the actual cost, fees and expenses, if any, incurred in connection with the adjustment of the loss and the fees of the Insurance Trustee, if any, to the payment of the cost of restoring the Common Interest Community pursuant to Section 18 of this Declaration. Owners and Secured Parties are not entitled to receive any portion of the insurance proceeds unless there is a surplus of proceeds after the Common Elements and Units have been completely repaired or restored, or the Owners and the first mortgagees terminate the Common Interest Community pursuant to Section 20 of this Declaration.

18. Reconstruction and Repair of Common Interest Community.

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

18.1.1 The Common Interest Community is terminated pursuant to Section 20 of this Declaration; or

18.1.2 Repair or replacement would be illegal under any state or local health or safety statute or ordinance; or

18.1.3 Eighty percent of the Owners including every Owner and first mortgagee of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to repair or rebuild.

All construction and repairs must be substantially in accordance with the original construction plans and specifications.

18.2 The cost of repairs or replacements of the Common Interest Community in excess of insurance proceeds and reserves is a Common Expense.

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

18.3.1 Insurance proceeds attributable to a damaged Common Element must be used to restore the damaged Common Element to a condition compatible with the remainder of the Common Interest Community;

18.3.2 The insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt must be distributed to the Owners of those Units and the Secured Parties of those Units, including the Units to which the Limited Common Elements were assigned, as their interests may appear; and

18.3.3 The remainder of the proceeds must be distributed to all Owners and Secured Parties as their interests may appear in proportion to their Fractional Allocation.

18.4 If the Owners and holders of first mortgages vote not to rebuild a Unit, that Unit's Fractional Allocation is automatically reallocated upon the vote, as if the Unit has been condemned, and the Association must promptly prepare, execute and record an Amendment to this Declaration reflecting the reallocation. The Association membership attributable to the Unit and the corresponding voting right shall terminate.

18.5 An insurance trustee appointed pursuant to Section 17.4 of this Declaration may rely upon a Certificate of the Board stating whether the damaged property is to be reconstructed or repaired. The Association, upon request of the Insurance Trustee, must deliver such Certificate as soon as is practical. Subject to Section 18.1 of this Declaration, the Board must provide for the completion of all repairs, reconstruction, or replacement as soon as is practical and according to the terms of this Declaration. Immediately after the casualty causing damage to the property for which the Board has the responsibility of repair, reconstruction and replacement, the Board must obtain reliable and detailed estimates of the cost to restore the damaged property to its prior condition. Such cost may include professional fees and bond premiums as the Board may determine.

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

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

21. Eminent Domain. The provisions of the CIC Act shall apply to and govern any taking by eminent domain of any portion of the Common Interest Community.

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

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

22.1.1 Any proposed amendment to this Declaration, Articles of Incorporation or Bylaws resulting in a change in the boundaries of a Unit or a

Limited Common Element; the fractional undivided interest in the Common Elements appurtenant to any Unit; any Unit's Fractional Allocation; any change in the Limited Common Elements assigned to a Unit; number of votes in the Association allocated to any Unit; or any change in the use or uses to which a Unit or Common Element is restricted;

22.1.2 Any proposed termination of the Common Interest Community;

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

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

22.1.5 Any lapse, cancellation or material modification of the insurance provided for in Section 17.2 of this Declaration; and

22.1.6 Any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

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

23. Amendment. Except for amendments the Declarant may execute to add Additional Real Estate to the Common Interest Community; amendments Owners may execute to relocate the boundaries between adjoining Units pursuant to Minn. Stat. §515B.2-114; or to terminate the Common Interest Community pursuant to Minn. Stat. §515B.2-119, this Declaration, including the Common Interest Community Plat, may be amended only with the approval of the Owners of sixty-seven percent of the Units and the mortgagees holding fifty-one percent of the Eligible Mortgages against the Units; provided, however, that an amendment which creates or increases Special Declarant Rights, increases the number of Units, changes the boundaries of any Unit, changes the Fractional Allocation of a Unit, changes Common Elements to Limited Common Elements or changes the authorized use of a Unit from residential to non-residential, requires the approval of all Owners and the approval of fifty-one percent of the holders of Eligible Mortgages (each holder having one vote for each Unit subject to an Eligible Mortgage). The Owners and Mortgagees need not execute an amendment to evidence their approval. A certificate of the Association's secretary certifying that an amendment has received the approval of the required number of Owners and Mortgagees at a duly called meeting of the Members is prima facie evidence of that fact.

24. Compliance with Provisions. The Association and each Owner, tenant or other Person occupying a Unit must comply with the provisions of the Project Documents. If the Association or an Owner, tenant or other Person occupying a Unit does not comply with the

provisions of the Project Documents, the Association or an Owner may commence an action against the Person who is not complying with the Project Documents to recover damages or to obtain injunctive relief. In any such action, the prevailing Person may recover its attorneys' fees and costs.

25. General Provisions.

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

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

25.3 Number, Gender. In construing the Project Documents, the singular shall be taken to include the plural, and masculine to denote the feminine wherever appropriate.

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

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

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

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

25.8 No Master Association. The Common Interest Community is not subject to a Master Association.

EXHIBIT A TO DECLARATION

**COMMON INTEREST COMMUNITY NUMBER 252
A CONDOMINIUM**

ROCHESTER CRIMSON RIDGE

LEGAL DESCRIPTION OF THE SUBJECT PROPERTY

Lot 29, Block 2, CRIMSON RIDGE SECOND SUBDIVISION, Olmsted County, Minnesota,
according to the filed plat thereof.

EXHIBIT B TO DECLARATION

**COMMON INTEREST COMMUNITY NUMBER 252
A CONDOMINIUM**

ROCHESTER CRIMSON RIDGE

LEGAL DESCRIPTION OF THE ADDITIONAL REAL ESTATE

Lots 23 through 28 and Lots 30 through 34, Block 2, and Outlot A, CRIMSON RIDGE
SECOND SUBDIVISION, Olmsted County, Minnesota, according to the filed plat thereof.