

COMMON INTEREST COMMUNITY NUMBER ____

Planned Community

SHOREWOOD PARK ASSOCIATION

DECLARATION

This Declaration is made in the County of Washington, State of Minnesota by the undersigned owners real property (hereinafter, cumulatively, 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 SHOREWOOD PARK ASSOCIATION, a planned community.

WHEREAS, Declarant is the owner of certain real property located in Washington County, Minnesota, legally described in Exhibit A attached hereto 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 common water system to be owned and operated for the use, health, safety and welfare of its Owners, 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 "SHOREWOOD PARK ASSOCIATION", initially consisting of the Lots referred to in Section 2, declaring that this Declaration shall constitute covenants to run with the Lots, and that the Lots 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):

1.2 "Association" shall mean the SHOREWOOD PARK ASSOCIATION, a nonprofit corporation which has been incorporated pursuant to Chapter 317A of the laws of the State of Minnesota and Minnesota Statutes Section 515B.3-101, whose members consist of all Owners as defined herein.

1.3 "Board" shall mean the Board of Directors of the Association as provided for in the By-Laws.

1.4 "By-Laws" shall mean the By-Laws governing the operation of the Association, as amended from time to time.

1.5 "Common Elements" shall mean all parts of the agreements and easements conveyed to the Association as set forth in the document recorded as Microfilm Number _____ in the office of the Chisago County Recorder.

1.6 "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.

1.7 "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.

1.8 "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.

1.9 "Owner" shall mean a Person who owns a one or more of the properties described and numbered in Exhibit A, but excluding contract for deed vendors, mortgagees and other secured parties within the meaning of Section 515B.1-103(29) of the Act. The term "Owner" includes, without limitation, contract for deed vendees and holders of a life estate.

1.10 "Person" shall mean a natural individual, corporation, limited liability company, partnership, trustee, other or legal entity capable of holding title to real property.

1.11 "Property" shall mean all of the real property submitted to this Declaration, including the all structures and improvements located thereon now or in the future.

1.12 "Lot" shall mean any and each parcel of real property described and numbered in Exhibit A attached hereto, 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 LOTS, BOUNDARIES AND RELATED EASEMENTS

2.1 Lots. There are 34 () Lots. Additional Lots may be created by the subdivision or conversion of Lots, if approved by the Board and pursuant to Section 515B.2-112 of the Act.

A schedule of Lots is set forth on Exhibit A attached hereto. The Lot identifier for a Lot shall be the assigned numbers on Exhibit A.

2.2 Recorded Easements. The Property shall be subject to such other easements as may be recorded against it.

2.3 Impairment Prohibited. No person shall materially restrict or impair any easement benefiting or burdening the Property; subject to this 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.. The Common Elements are owned by the Association for the benefit of the Owners.

b. The Common Elements shall be subject to appurtenant easements for services, public and private utilities, access, use and enjoyment in favor of each Lot and its Owners; subject to 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 assessed and collected from the Owners in accordance with Section 6."

SECTION 4

ASSOCIATION MEMBERSHIP: RIGHTS AND OBLIGATIONS

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

4.1 Membership. Each Owner shall be a member of the Association by virtue of Lot ownership, and the membership shall be transferred with the conveyance of the Owner's interest in the Lot. An Owner's membership shall terminate when the Owner's ownership terminates. When more than one (1) Person is an Owner of a Lot, all such Persons shall be members of the Association, but multiple ownership of a Lot shall not increase the voting rights allocated to such Lot nor authorize the division of the voting rights.

4.2 Voting and Common Expenses. Voting rights and Common Expense obligations are allocated equally among the Lots consistent with the water contracts, the rights and obligations to which were conveyed to the Association in the document recorded as Microfilm Number _____ in the office of the Chisago County Recorder.

4.3 Appurtenant Rights and Obligations. The ownership of a Lot shall include the voting rights and Common Expense obligations described in Section 4.2. Said rights and obligations and the title to the Lots, shall not be separated or conveyed separately. The allocation of the rights and obligations 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 Lot at meetings of the Association; provided, that if there are multiple Owners of a Lot, 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 the Owners set forth in the Governing Documents and the 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 (ii) maintaining, repairing and replacing those portions of the Property for which it is responsible.

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 their lessees, guests, heirs, personal representatives, successors and assigns, and all secured parties as defined in the Act.

5.4 By-Laws. The Association shall have By-Laws. The By-Laws 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.

SECTION 6

ASSESSMENTS FOR COMMON EXPENSES

6.1 General. Assessments for Common Expenses shall be determined and assessed against the Lots by the Board, pursuant to the following:

The parties of the second part agree to pay the first party the sum of \$90.00 per year, payable in advance in equal installments on May 1st and November 1st of each year, or a payment of \$85.00 made on May 1st or November 1st for the entire year which will include the full charge for all water used by said second parties: it is agreed that this contract shall be continuous and that the annual service charge of \$90.00 per year shall remain in force and effect for five full years and for similar periods of five years thereafter at the option of the first party., unless said first party shall indicate that a greater charge will be made: in the event the first party should indicate a greater charge, and the amount thereof cannot be agreed upon, it is agreed between the parties that the amount to be charged in order to provide a reasonable return to the first party on the investment made shall be determined by a board, one member thereof appointed by the first party, another member thereof appointed by the second parties and the third member to be selected by the aforesaid two. It is agreed that the determination of the board of such amount in excess of \$90.00 per year as shall provide a reasonable return, shall be binding upon both parties, their heirs, executors, administrators and assigns.

6.2 Assessment Lien. The Association has a lien on a Lot for any assessment levied against that Lot from the time the assessment becomes due. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. Fees, charges, late charges, fines and interest charges imposed by the Association 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 this 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.

SECTION 7

RESTRICTIONS ON USE OF PROPERTY

All Owners covenant and agree, in addition to any other restrictions which may be imposed by the Act or the Governing Documents, not to build, create or construct any obstructions over the Common Elements.

SECTION 8

MAINTENANCE

8.1 Maintenance by Association. The Association, to the extent economically feasible in light of the limited assessment authority of Section 6, shall provide for all maintenance, repair or replacement of the Common Elements, including all improvements thereon.

SECTION 9

EASEMENTS

9.1 Easement for Maintenance, Repair, Replacement and Reconstruction. Each Lot, and the rights of the Owners thereof, shall be subject to the rights of the Association to an exclusive, appurtenant easement on and over the Lots for the purposes of maintenance, repair, replacement and reconstruction of the Common Elements to the extent necessary to fulfill the Association's obligations under the Governing Documents.

SECTION 10

AMENDMENTS

This Declaration may be amended by the consent of Owners of Lots to which are allocated at least sixty-seven percent (67%) of the votes in the Association. Consent of the Owners may be obtained in writing or at a meeting of the Association duly held in accordance with the By-Laws.

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.

SECTION 11

MISCELLANEOUS

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

11.2 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.

11.3 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 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.

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

THIS PORTION OF THE PAGE IS INTENTIONALLY LEFT BLANK