

CONDOMINIUM DECLARATION

FOR

VALHALLA TEN

KNOW ALL MEN BY THESE PRESENTS: THAT WHEREAS, VALHALLA PARK CO., a partnership organized and existing under the laws of the State of Minnesota, hereinafter called "Declarant", is the owner of the real property situated in Olmsted County, Minnesota, described as follows:

Lot 10, Block 4, Valhalla Fourth Subdivision, according to the recorded plat thereof, Olmsted County, Minnesota.

WHEREAS, Said property is improved by the construction thereon of a twenty-four unit multiple family structure consisting of three levels: a ground floor which is the lowest elevation, the first floor, and the second floor, which is the highest elevation; which structure consists of concrete block, wood frame, and brick veneer on a portion of the ground floor, and wood frame construction with stucco finish above that portion; which roof construction is wood frame with flat roof construction over the apartment areas; and which has garages of wood frame construction; and

WHEREAS, Declarant desires to establish a condominium apartment project under the Apartment Ownership Act of the State of Minnesota; and

WHEREAS, Declarant does hereby establish a plan for the ownership in fee simple of the real property estates consisting of the area or space contained in each of the apartment units in said multi-family structure and the co-ownership by the individual and separate owners thereof of all the remaining property, which property is hereinafter defined and referred to as the general common elements and limited common elements.

NOW, THEREFORE, Declarant does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, limitations and obligations shall be deemed to run with the land, shall be a burden and a benefit to Declarant, its heirs, executors, administrators

and assigns, and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees or assigns.

1. Definitions, unless the context shall expressly provide otherwise.

(a) "Apartment" or "apartment unit" or "unit" means an individual air space which is contained within the perimeter walls, floors, ceilings, windows, and doors of each unit as shown on the Floor Plans to be filed for record, together with all fixtures and improvements therein contained but not including any of the structural components of the building, if any, located within the unit.

(b) "Condominium" or "condominium unit" means the fee simple interest and title in and to a unit together with the undivided interest in the general common elements and the appurtenant limited common elements thereto.

(c) "Owner" means a person, persons, firm, corporation, partnership, association, or other legal entity, or any combination thereof, owning fee simple absolute interest in one or more condominium units.

(d) "General common elements" or "common areas and facilities" means and includes:

- (1) The land on which the multi-family structure (the "building") is located;
- (2) The foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, stairs, stairways, fire escapes, and entrances and exits of the building;
- (3) The basements, yards, gardens, parking areas, garages, and storage spaces;
- (4) The premises for the lodging of janitors or persons in charge of or managing the condominium project.

(5) Installations of central services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning, and incinerating;

(6) The elevators, tanks, pumps, motors, fans, compressors, ducts, and in general all apparatus and installations existing for common use; and

(7) All other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use;

all of which shall be owned by the owners of separate units, each owner of a unit having an undivided percentage or fractional interest in such general common elements as is provided hereinafter.

(e) "Limited common elements" or "restricted common elements" means those parts of the general common elements, if any, which are either limited to and reserved for the exclusive use of an owner of a condominium unit or are limited to and reserved for the common use of more than one but fewer than all of the condominium unit owners, which parts shall be identified on the Floor Plans and if none are so identified then there shall be no limited common elements.

(f) "Condominium project" means all of the land and improvements initially submitted by this Declaration and subsequently submitted as may be provided hereinafter.

(g) "Common expenses" means and includes expenses for maintenance, repair, operation, management, and administration; expenses declared common expenses by the provisions of this Declaration; and all sums lawfully assessed against the general common elements by the Board of Directors of the Association of Owners or the Manager duly designated by the Board of Directors.

(h) "Association of Owners" or "Association" means the Valhalla Ten Association, a Minnesota nonprofit corporation, the Articles of Incorporation and Bylaws of which together with this Declaration shall govern the administration of this condominium project, the members of which shall be all of the owners of the units.

(i) "Board of Directors" means the body elected pursuant to the Bylaws of the Association.

(j) "Manager" means the person or firm designated by the Board of Directors to manage the affairs of the condominium project.

(k) "Floor Plans" or "supplemental floor plans" means and includes the engineering survey of the land depicting and locating thereon all of the improvements, the floor and elevation plans and any other drawing or diagrammatic plan depicting a part of or all of the improvements.

(l) "Mortgagee" means a beneficiary under or holder of a mortgage or deed of trust.

(m) "Record" means to file of record with the register of deeds or the registrar of titles, whichever may be the appropriate office, Olmsted County, Minnesota.

The definitions herein shall also apply to like terms used in the Bylaws herein referred to.

2. Floor Plans. The Floor Plans shall be filed for record simultaneously with the recording of this Declaration. The Floor Plans shall show all matters required by law, pursuant to the provisions of Minnesota Statutes 1969, Sections 515.11 and 515.13 and are hereby incorporated herein by reference and hereby made a part hereof as if fully set forth herein.

3. Division of Property into Condominium Units. The real property above described and the improvements thereon are hereby divided into fee simple estates, each such estate consisting of the separately designated units and the undivided percentage or fractional interest in and to the general common elements appurtenant to each unit as set forth on Exhibit A attached hereto and made a part hereof.

Declarant reserves the right as to all units then owned by it to physically combine the space within one unit with the space within one or more adjoining units. No change in the undivided percentage of fractional interest appurtenant to each unit as set out on Exhibit A shall result from any such combination, but each unit so combined, for all purposes, including voting, shall retain the undivided percentage of fractional interest as set out on said Exhibit A.

4. Limited Common Elements. A portion of the general common elements is reserved for the exclusive use of the individual owners of the respective units, and such areas are referred to as "limited common elements" or "restricted common elements." The limited common elements so reserved shall be identified on the Floor Plans and if none is so identified, none shall be deemed to exist. Any balcony, patio, or deck which is accessible from, associated with and which adjoins a unit, without further reference thereto either herein or on the Floor Plans, shall be used in connection with such unit to the exclusion of the use thereof by the other owners of the general common elements, except by invitation. All of the owners of condominium units in this condominium project shall have a non-exclusive right in common with all of the other owners to use of sidewalks, pathways, roads, and streets located within the entire condominium project. No reference thereto, whether such limited common elements are exclusive or nonexclusive, need be made in any deed, instrument of conveyance, or other instrument, and reference is made to the provisions of paragraph 7 of this Declaration.

5. Parking Spaces. On-site parking areas and facilities shall be under the control of the Association. The Association or the manager for and on behalf of the Association, may lease individual garages and open parking spaces equipped with electrical outlets, to owners, and, to the extent not needed or desired by owners, to persons other than owners. The proceeds of such leasing shall be applied toward payment of common expenses.

6. Inseparability of a Condominium Unit. Each unit, the appurtenant undivided interest in the general common elements, and the appurtenant limited common elements, shall together comprise one condominium unit, shall be inseparable, and may be conveyed, leased, devised, or encumbered only as a condominium unit.

7. Deeds. Every deed, lease, mortgage, trust deed, will, or other instrument shall include the following particulars:

(a) Description of the land on which the apartment and improvements

are to be located, and the post office address of the apartment building, including the book, page, and date of recording this Declaration;

(b) The apartment number designation of the apartment as contained in the Declaration and any other data necessary for its proper identification;

(c) Statement of the use for which the apartment is intended and restrictions on its use; and

(d) The percentage of undivided interest appertaining to the apartment in the common areas and facilities.

The initial deeds conveying each condominium unit may contain reservations, exceptions, and exclusions which the Declarant deems to be consistent with and in the best interest of all condominium unit owners.

8. Separate Assessment and Taxation - Notice to Assessor. Declarant shall give written notice to the Assessor of Olmsted County, Minnesota of the creation of condominium ownership in this property, as is provided by law, so that each unit and the undivided interest in the general common elements appurtenant thereto shall be deemed a parcel and subject to separate assessment and taxation.

9. Ownership - Title. A condominium unit may be held and owned in any real property tenancy relationship recognized under the laws of the State of Minnesota.

10. Non-Partitionability of General Common Elements. The general common elements shall be owned in common by all of the owners of the units and shall remain undivided, and no owner shall bring any action for partition or division of the general common elements. Nothing contained herein shall be construed as a limitation of the rights of partition of a condominium unit between the owners thereof, but such partition shall not affect any other condominium unit.

11. Use of General and Limited Common Elements. Each owner shall be entitled to exclusive ownership and possession of his unit. Each owner may use the general and limited common elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other owners.

12. Use and Occupancy. The units shall be used and occupied solely for residential purposes, but no unit shall be used or occupied by more than one family.

Declarant and Declarant's employees, representatives, agents, and contractors may maintain a business and sales office, construction facilities and yards, model units, and other developer's facilities necessary or required during the construction and sales periods. The Board of Directors or the Manager may maintain an office in one of the units in the condominium project for the purpose of managing the condominium units within this condominium project.

13. Easements. If any portion of the general common elements encroaches upon a unit or units, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. If any portion of a unit encroaches upon the general common elements, or upon an adjoining unit or units, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event the condominium project is partially or totally destroyed, and then rebuilt, the owners of apartment units shall permit minor encroachment of parts of the general common elements due to construction and valid easements for said encroachment and the maintenance thereof shall exist. Also, any open parking spaces or garages which are less than 50% (measured in square feet) upon the condominium project (as shown on the Floor Plans) shall be and are subjected to an easement for parking purposes in favor of the owners and occupiers of the property upon which the major portion, of such garages or spaces exists, such easement to last so long as such garages and spaces stand and continue in their present location. Also a non-exclusive easement for driveway purposes is granted over the driveways, and over the lanes between parking stalls, as shown on the Floor Plans in favor of all owners and occupiers of property in Block 4, said plat of Valhalla Fourth Subdivision. Such encroachments and easements shall not be considered or determined to be encumbrances either on the general common elements or on the units for purposes of marketability of title.

14. Termination of Mechanic's Lien Rights and Indemnification.

Subsequent to the completion of a Building in which a unit is located as described on the Floor Plans, no labor performed or materials furnished and incorporated in such unit with the consent or at the request of the unit owner, his agent, his contractor, or subcontractor shall be the basis for filing of a lien against the unit of any other unit owner not expressly consenting to or requesting the same, or against the general common elements. Each owner shall indemnify and hold harmless each of the other owners from and against all liability arising from the claim of any lien against the unit of any other owner or against the general common elements for construction performed or for labor, materials, services, or other products incorporated in the owner's unit at such owner's request. The provisions herein contained are subject to the rights of the Board of Directors or the Manager of the condominium property as set forth in paragraph 17.

15. Notice of Lien or Suit. An owner shall give notice to the Board of Directors or the Manager of every lien or encumbrance upon his condominium unit, other than for taxes and special assessments, and the address of the owner of such lien or encumbrance, and notice of every suit or other proceeding which may affect the title to his condominium unit, and such notice shall be given in writing within thirty (30) days after the owner has knowledge thereof.

16. Administration and Voting. The administration of this condominium project shall be governed by the Articles of Incorporation, this Declaration, the Bylaws of the Association, which Bylaws are annexed hereto and hereby made a part hereof, and resident policies adopted pursuant thereto. An owner of a condominium unit, upon becoming such an owner, shall become a member of the Association and shall remain a member for the period of his ownership, and shall be bound by the terms, covenants, and conditions of the Articles of Incorporation, this Declaration, said Bylaws and resident policies, as each may from time to time be hereafter amended. Each owner shall have such voting rights as is set out in the Bylaws.

17. Reservation for Access - Maintenance, Repair and Emergencies.

The Association shall have the irrevocable right, to be exercised by the Board of Directors or the Manager, to have access to each unit from time to time during reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the general or limited common elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the general or limited common elements or to another unit. Damage to the interior or any part of a unit resulting from the maintenance, repair, emergency repair, or replacement of any of the general or limited common elements or as a result of emergency repairs within another unit, at the instance of the Board of Directors or the Manager, shall be a common expense of all of the owners; provided, however, that if such damage is the result of the misuse or negligence of a unit owner or such owner's invitees, guests or representatives, then such unit owner shall be responsible and liable for all of such damage, and the cost and expense incurred by the Association in making any such repair upon or replacement, together with interest thereon at 7% per annum, may be assessed against such responsible owner and his condominium unit and the same may be enforced pursuant to paragraphs 25 and 26 hereof as if the same were an assessed common expense, and shall also be payable upon demand made by the Association. All damaged improvements shall be restored substantially to the same condition in which they existed prior to the damage. All maintenance, repairs, and replacements to the general common elements, and (except as provided in paragraph 18) the limited common elements, whether located inside or outside of units (unless necessitated by the negligence or misuse of a unit owner, or such owner's invitees, guests, or representatives, in which case such expense shall be charged to such unit owner, and enforced, in the manner above set out in this paragraph) shall be the common expense of all of the owners.

18. Owner's Maintenance Responsibility. For purposes of maintenance, repair, alteration, and remodeling, an owner shall be deemed to own

the interior non-supporting walls, the materials (such as, but not limited to, plaster, gypsum dry wall, paneling, wallpaper, paint, wall and floor tile and flooring, but not including the sub-flooring) making up the finished surfaces of the perimeter walls, ceilings, and floors within the unit, including unit doors and windows. The owner shall not be deemed to own lines, pipes, wires, conduits, or systems (which for brevity are herein and hereafter referred to as utilities) running through his unit which serve one or more other units except as a tenant in common with the other owners. Such utilities shall not be disturbed or relocated by an owner without the written consent and approval of the Board of Directors or the Manager. Such right to repair, alter, and remodel is coupled with the obligation to replace any finishing or other materials removed with similar or other types or kinds of materials. An owner shall maintain and keep in repair the interior of his own unit. All fixtures and equipment installed within the unit commencing at a point where the utilities enter the unit shall be maintained and kept in repair by the owner thereof. An owner shall do no act nor any work that will impair the structural soundness, safety, or integrity of the building or reduce the value thereof or impair any easement or hereditament, without in every such case the unanimous consent of all the other owners being first obtained. An owner shall also keep any balcony area or other limited common area appurtenant to his unit in good repair and clean condition.

19. Compliance with Provisions of Bylaws and Declaration. Each owner shall comply strictly with the provisions of this Declaration and of the Bylaws of the Association and the decisions, resolutions, and resident policies adopted pursuant thereto, as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief or both, and for reimbursement of all attorney's fees incurred in connection therewith, which action shall be maintainable by the Board of Directors or the Manager in the name of and on behalf of the owners or, in a proper case, by an aggrieved owner.

20. Revocation or Amendment to Declaration. This Declaration shall not be revoked unless all of the owners and all of the holders of any recorded first mortgage covering or affecting any or all of the condominium units unanimously consent and agree to such revocation by instrument duly recorded. This Declaration shall not be amended unless the owners representing an aggregate ownership interest of 80% or more of the total percentage of undivided interests in the common elements as set out in Exhibit A, and all of the holders of any recorded first mortgages covering or affecting any or all condominium units consent and agree to such amendment by instrument duly recorded; provided, however, that the percentage of the undivided interest in the general common elements appurtenant to each unit, as expressed in this Declaration, shall have a permanent character and shall not be altered without the consent of all of the unit owners and all of the holders of any such recorded first mortgage expressed in an amended Declaration duly recorded; and provided, further, that revocation of this Declaration shall always require the consent of all of the owners and all holders of any such recorded first mortgage.

21. Additions, Alterations, and Improvements of General and Limited Common Elements. There shall be no additions, alterations, or improvements of or to the general and limited common elements by the Board of Directors without prior approval of all of the owners, and such expenditures shall be a common expense. Such limitation shall not be applicable to the repair or maintenance, of any of the general or limited common elements or common personal property (as defined in paragraph 30 hereof).

22. Assessment for Common Expenses. All owners shall be obligated to pay the assessments, either estimated or actual, imposed by the Board of Directors to meet the common expenses. The assessments shall be made according to each owner's percentage of fractional interest in and to the general common elements. The limited common elements shall be maintained as general common elements, and owners having exclusive use thereof shall

not be subject to any special charges or assessments for the repair or maintenance thereof. Assessments for the common expenses, estimated or actual, shall be due in advance on the first day of each month, or as may be determined by the Board of Directors.

In the event the ownership of a condominium unit, title to which is derived from Declarant, commences on a day other than the first day of the assessment period, the assessment for that period shall be prorated.

The assessments made shall be based upon the cash requirements deemed to be such aggregate sum as the Manager, or if there is no Manager, then the Board of Directors, shall from time to time determine, is to be paid by all of the condominium unit owners, to provide for the payment of all expenses estimated and actual, growing out of or connected with the maintenance, repair, operation, additions, alterations, and improvements of and to the general common elements and limited common elements, which sum may include, but shall not be limited to, expenses of management; indemnification of officers and directors of the Association; taxes and special assessments until separately assessed; premiums for fire insurance with extended coverage and vandalism and malicious mischief with endorsements attached issued in the amount of the full insurable replacement cost of all of the common areas and facilities and condominium units (including all fixtures; interior walls and partitions; decorated and finished surfaces of perimeter walls, floors, and ceilings; doors, windows and other elements or materials comprising a part of the units); casualty and public liability and other insurance premiums; landscaping and care of grounds; common lighting and heating; repairs and renovations; trash and garbage collections; wages; common water and sewer charges; legal and accounting fees; management and rental fees; expenses and liabilities incurred by the Manager or Board of Directors on behalf of the unit owners under or by reason of this Declaration; for any deficit remaining from a previous period; the creation of a reasonable contingency, reserve, working capital, and sinking funds as well as other costs and expenses relating to the general common elements.

Common expenses, for purposes of this Declaration, shall also include, and assessments may be made pursuant hereto for, the rent and other payments which may be required to be made by the Association under any and all leases, and any and all amendments, modifications, and extensions of such leases made by the Association pursuant to paragraph 23 hereof for the Recreational Area therein described, and shall also include, and assessments may be made pursuant hereto for, all purchase payments and other payments required to be made by the Association under any purchase or sale options contained in any such leases, all as set out in paragraph 23.

The omission or failure of the Board of Directors to fix the assessment for any period shall not be deemed a waiver, modification, or a release of the owners from their obligation to pay the same. The Board of Directors may require each owner to deposit and maintain with the Board of Directors an amount equal to one quarterly estimated assessment for use as working capital.

23. Lease and Purchase of Recreational Area. The Association, may at any time and from time to time enter into a lease, and extensions, modifications and amendments of such lease, on terms and conditions acceptable to the Association, for the property described as follows:

Lot 14, Block 4, Valhalla Fourth Subdivision, according to the recorded plat thereof, Olmsted County, Minnesota, (herein called "Recreational Area"), which leases shall be for, and shall give to each owner, the recreational use and enjoyment of the Recreational Area, in common with all other owners and occupiers of the property described as follows:

Lots 1 through 15, inclusive, Block 4, Valhalla Fourth Subdivision, according to the recorded plat thereof, Olmsted County, Minnesota,

(said lots being hereinafter called "Benefitted Lots"), subject, however, to the terms and conditions of such leases and the rules and regulations from time to time governing the use of the Recreational Area.

The Association, on terms and conditions acceptable to the Association, also may agree, at any time, to purchase an undivided interest in the Recreational Area. The purchase price, and other payments, to be made by the Association in connection with and for such purchase shall be a common expense as set out in paragraph 22. Such agreement to purchase may be contained in any such lease of the Recreational Area as an option to buy in favor of the Association or as an option to sell in favor of the lessor and owner of the Recreational Area. Upon purchasing such undivided interest in the Recreational Area, the Association may enter into an agreement with the owners of the balance of the interest in the Recreational Area, on behalf of itself or all owners of units hereunder, providing for the maintenance and repair of, and payment of taxes and insurance on the Recreational Area, and with such other terms and conditions as are acceptable to the Association. All payments to be made by the Association pursuant to such agreement, and all other costs of ownership of such interest in the Recreational Area, whether then owned by the Association or owners hereunder, shall be a common expense and assessable as such, pursuant to this Declaration.

Any such lease or purchase agreement may provide that, upon default by the Association in the payment of any sum when due, in addition to the remedies then by law or by this Declaration or by such lease or agreement available to the lessor or seller, the lessor or seller may enforce by its own action and in its own name any such payment or payments in default as an assessed common expense on the condominium units which have not paid their respective portions of such payment, such enforcement to be in the manner set out in paragraph 26 hereof, or against the owner personally pursuant to paragraph 25 hereof, as such lessor or seller shall elect.

Upon receipt by the Association of a conveyance in its name to its undivided interest in the Recreational Area, the interest so acquired shall become part of the condominium project and the Association shall take such actions as are necessary to evidence each unit owner's interest in the undivided interest in the Recreational Area acquired by the Association, such interest of each unit owner to be equal to that owner's undivided interest in the general common elements.

24. Insurance. The Manager, or if there is no Manager, then the Board of Directors, shall obtain and maintain at all times insurance of the type and kind provided hereinabove and including for such other risks, of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other condominium buildings, fixtures, equipment, and personal property, similar in construction, design, and use, issued by responsible insurance companies authorized to do business in the State of Minnesota. The insurance shall be carried in blanket policy form naming the Association the insured, as trustee for all of the condominium unit owners, which policy or policies shall identify the interest of each condominium unit owner (owner's name, unit number, building designation), and which policy or policies shall provide a standard, noncontributory mortgagee clause in favor of each first mortgage. It shall also provide that the policy cannot be cancelled until after ten days' prior written notice is first given to each owner and each first mortgagee. The Manager, or if there is no Manager, then the Board of Directors, shall also obtain and maintain, to the extent obtainable, public liability insurance in such limits as may from time to time be determined, covering each unit owner, each person having an interest in a unit who is registered with the Association pursuant to the Bylaws, each member of the Board of Directors, and the Manager, if any. Such public liability coverage shall also ~~cover cross liability claims of one insured against another and shall~~ contain waivers of subrogation as to claims against all unit owners, and each person having an interest in a unit who is registered with the Association pursuant to

the Bylaws. Each owner may obtain additional insurance at his own expense for his own benefit provided that all such policies shall contain waivers of subrogation as to claims against all other owners, and provided, further, that the liability of the carriers issuing insurance shall not be affected or diminished by reason of any such insurance carried by any unit owner. All such insurance shall be reviewed at least annually by the Board of Directors and shall be in amounts, on terms, and with companies determined by the Board of Directors except for said fire insurance with extended coverage and vandalism and malicious mischief which shall be for the full insurable replacement cost as above stated.

Insurance coverage on the furnishings and other items of personal property belonging to an owner and casualty and public liability insurance coverage within each individual unit shall be the responsibility of the owner thereof.

25. Owner's Personal Obligation for Payment of Assessments. The amount of the common expenses assessed against each condominium unit shall be the personal and individual debt of the owner thereof. No owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his unit. Both the Board of Directors and the Manager shall have the responsibility to take prompt action to collect any unpaid assessments which remain unpaid more than 60 days from the due date for payment thereof. In the event of default in the payment of the assessment, the unit owners in default shall be obligated to pay interest at the rate of 7% per annum on the amount of the assessment from due date hereof, together with all expenses, including attorneys' fees incurred together with such late charges as provided in this Declaration. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing same.

26. Assessment Lien. All sums assessed but unpaid for the share of common expenses chargeable to any condominium unit shall constitute a

lien on such unit superior to all other liens and encumbrances, except only for tax and special assessments liens on the unit in favor of any assessing unit, and all sums unpaid on a first mortgage of record, including all unpaid obligatory sums as may be provided by such encumbrances. To evidence such lien, the Board of Directors or the Manager shall prepare a written notice of lien assessment setting forth the amount of such unpaid indebtedness, the amount of the accrued interest and late charges thereon, the name of the owner of the condominium unit and a description of the condominium unit. Such notice shall be signed by one of the Board of Directors or by the Manager and shall be recorded in the office of real estate records of Olmsted County, Minnesota. Such lien shall attach from the due date of the assessment, and may be enforced by the foreclosure of the defaulting owner's condominium unit by the Board of Directors in like manner as a mortgage on real property upon the recording of a notice or claim thereof. In any such proceedings the owner shall be required to pay the costs, expenses and attorney's fees incurred for filing the lien, and in the event of foreclosure proceedings, all additional costs, all expenses and reasonable attorney's fees incurred. The owner of the condominium unit being foreclosed shall be required to pay to the Board of Directors the assessments against the condominium unit during the period of foreclosure, and the Board of Directors shall be entitled to a receiver to collect the same. The Manager or the Board of Directors acting on behalf of the owners, shall have the power to bid in the condominium unit at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the same, either in the name of the Association or in the name of a nominee. Any encumbrancer holding a lien on a condominium unit may pay, but shall not be required to pay, any unpaid common expenses payable with respect to such unit, and upon such payment such encumbrancer shall have a lien on such unit for the amounts paid of the same rank as the lien of his encumbrance without the necessity of having to record a notice or claim of such lien.

27. Liability for Common Expense Upon Transfer of Condominium

Unit is Joint. Upon payment to the Manager, or if there is no Manager, then to the Board of Directors, of a reasonable fee not to exceed \$25, and upon the written request of any mortgagee, or prospective mortgagee of a condominium unit, the owners, by their Manager, or by the Board of Directors, shall issue a written statement setting forth the amount of the unpaid common expenses, if any, with respect to the subject unit, the amount of the current monthly assessment and the date that such assessment becomes due, credit for any advanced payments of common assessments, for prepaid items, such as insurance premiums, but not including accumulated amounts for reserves or sinking funds, if any, which statement shall be conclusive upon the owners, the Board of Directors, and the Manager in favor of all persons who rely thereon in good faith. Unless such request for a statement of indebtedness shall be complied with within ten days, all unpaid common expenses which became due prior to the date of making such request shall be subordinate to the lien rights of the such mortgagee requesting such statement if such mortgagee then places a lien on the subject unit. The grantee of a condominium unit shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for the unpaid common assessments up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor; provided, however, that upon payment of a reasonable fee not to exceed \$25, as is provided hereinabove, and upon written request, any such prospective grantee shall be entitled to a statement from the Manager, or if there is no Manager then from the Board of Directors, setting forth the amount of the unpaid assessments, if any, with respect to the subject condominium unit, the amount of the current monthly assessment, the date that such assessment becomes due, and credits for any advanced payments of common assessments, prepaid items, such as insurance premiums, but not including accumulated amounts for reserves or sinking funds, if any, which statement shall be conclusive upon the owner,

Board of Directors, and Manager. Unless such request for such a statement shall be complied with within ten days after such request, then such requesting grantee shall not be liable for, nor shall the unit conveyed be subject to a lien for any unpaid assessments against the subject unit. The provisions set forth in this paragraph shall not apply to the initial sales and conveyance of the condominium units made by Declarant, and such sales shall be free from all common expenses (unless otherwise specified in any sale agreement entered into by Declarant) to the date of conveyance made or to a date as agreed upon by Declarant and Declarant's grantee.

28. Mortgaging a Condominium Unit - Priority. An owner shall have the right from time to time to mortgage or encumber his interest by deed of trust, mortgage, or other security instrument. A first mortgage shall be one which has first and paramount priority under applicable law. The owner of a condominium unit may create junior mortgages, liens, or encumbrances on the following conditions: (1) that any such junior mortgages shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, obligations, lien for common expenses, and other obligations created by this Declaration; (2) that the mortgagee under any junior mortgage shall release, for the purpose of restoration of any improvements upon the mortgaged premises, all of his right, title, and interest in and to the proceeds under all insurance policies upon said premises by the owners. Such release shall be furnished forthwith by a junior mortgagee upon written request of one or more of the members of the Board of Directors, and if such request is not granted, such release may be executed by the Association as attorney-in-fact for such junior mortgagee.

29. Disposition of Property Where It Is Damaged By Fire or Other Disaster. In case of fire or other disaster, if unit owners with fifty-one per cent (51%) or more of the total percentage of undivided interests in the common elements as set out on Exhibit A hereto and all first mortgages of record do not voluntarily make provision for reconstruction of the apartment

units within 180 days from the date of damage or destruction, the Manager or the Board of Directors of the Association shall file for record with the recording officer a notice setting forth such facts and upon the recording of such notice:

(a) The property shall be deemed to be owned in common by the unit owners;

(b) The undivided interest in the property owned in common which shall appertain to each owner shall be the percentage of undivided interest previously owned by such owner in the common areas and facilities;

(c) Any liens affecting any of the units shall be deemed to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the unit owner in the property as provided herein; and

(d) The property shall be subject to an action for partition at the suit of any unit owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the property, if any, shall be considered as one fund and shall be divided among all the unit owners in a percentage equal to the percentage of undivided interest owned by each owner in the property, after first paying out of the respective shares of the apartment owners, to the extent sufficient for the purpose, all liens on the undivided interest in the property by each unit owner.

30. Personal Property for Common Use. The Association, may acquire and hold for the use and benefit of all of the condominium unit owners, tangible, personal property and may dispose of the same by sale or otherwise. The beneficial interest in any such property shall be owned by all of the condominium unit owners in the same proportion as their respective interests in the general common elements, and such interest therein shall not be transferable except with a conveyance of a condominium unit. A conveyance of a condominium unit shall transfer to the grantee ownership of the grantor's beneficial interest in such property without any reference thereto in the deed. Each owner may use such property in accordance with the purpose for which it is intended without hindering or encroaching upon the lawful rights

of the other owners. The transfer of title to a condominium unit under foreclosure shall entitle the purchaser to the beneficial interest in such personal property associated with the foreclosed condominium unit.

31. Period of Condominium Ownership. The separate condominium estates created by this Declaration shall continue until this Declaration is revoked or terminated in the manner as is provided for in this Declaration.

32. Service of Process. Gene Pierce, 2239 Vanier Ct., Rochester, Minnesota, shall be the person to receive service of process as provided for in the Apartment Ownership Act until such as his successor has been designated in writing duly filed in the office of Register of Deeds of Olmsted County, Minnesota.

33. General.

(a) If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase, or word, or the application thereof in any circumstances be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provisions, paragraph, sentence, clause, phrase, or word in any other circumstances shall not be affected thereby.

(b) The provisions of this Declaration shall be in addition to and supplemental to the Apartment Ownership Act of the State of Minnesota and to all other provisions of law.

(c) That whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

IN WITNESS WHEREOF, Declarant has duly executed this Declaration this 22nd day of December, 1970.

In Presence of:

VALHALLA PARK CO., a partnership

Gene August
Harry S. Lorentz

By Quality Homes Inc
By [Signature]

AMENDMENT NUMBER 1
TO CONDOMINIUM DECLARATION
FOR VALHALLA TEN

The undersigned, being the owner of 80% or more of the total percentage of undivided interests in the general common elements of the condominium project created by the Condominium Declaration for Valhalla Ten recorded in the office of the Register of Deeds, Olmsted County, Minnesota, in Book _____ on page _____ as Document No. _____, and covering the property situated in said county described as follows:

Lot 10, Block 4, Valhalla Fourth Subdivision,
according to the recorded plat thereof, Olmsted
County, Minnesota,

and the holder of all recorded first mortgages covering or affecting all condominium units in said condominium project, do hereby, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree to amend said Condominium Declaration as follows:

1. By adding to paragraph 17 additional sentences as follows:
"To the extent there are insurance proceeds payable due to any damage or destruction, such proceeds shall be used by the Association to the extent authorized by the provisions of applicable statutes and provisions of this Declaration and the Bylaws of the Association, to repair the general and limited common elements and damaged units, and to the extent there are any insurance proceeds which were payable due to damage to or destruction of any unit, the Board of Directors may deliver them to the owner and first mortgagee of that unit for the repair of the damaged unit pursuant to paragraph 18, or, at the discretion of the Board of Directors, may retain such proceeds and repair the damaged unit to the extent of such proceeds and pay the cost thereof from such proceeds. No owner shall be liable for any damage to any unit or the general or limited common elements to the extent such liability is waived by paragraph 24 hereof, anything to the contrary in this paragraph 17 notwithstanding."

2. By deleting paragraph 24 and inserting in lieu thereof the following:

times insurance of the type and kind provided hereinabove, and at the discretion of the Board of Directors, including such other risks, of a similar or dissimilar nature, as are or may hereafter customarily be covered with respect to other condominium buildings, fixtures, equipment, and personal property, similar in construction, design, and use, issued by responsible insurance companies authorized to do business in the State of Minnesota. The insurance shall be carried in blanket policy form naming the Association the insured, as trustee for all of the condominium unit owners, which policy or policies shall provide a standard mortgage clause in favor of each first mortgagee. It shall also provide that the policy cannot be cancelled until after at least ten days' prior written notice is first given to the Association and each first mortgagee. The Manager, or if there is no Manager, then the Board of Directors, shall also obtain and maintain, to the extent obtainable, public liability insurance in such limits as may from time to time to be determined, insuring the Association and the Manager, if any. All such insurance shall be reviewed at least annually by the Board of Directors and shall be in amounts, on terms, and with companies determined by the Board of Directors except for said fire insurance with extended coverage and vandalism and malicious mischief which shall be for the full insurable replacement cost as above stated.

Each owner may obtain additional insurance at his own expense for his own benefit provided that the liability of the carriers issuing insurance shall not be affected or diminished by reason of any such insurance carried by any unit owner. Also, insurance coverage on the furnishings and other items of personal property belonging to an owner and casualty and personal public liability insurance coverage shall be the responsibility of each owner.

Each owner, upon becoming an owner, shall be deemed to have constituted and appointed, and does hereby so constitute and appoint, the Association as his true and lawful trustee to act in all matters

concerning the purchase and maintenance of all types of property and liability insurance pertaining to the condominium project. Each owner does further hereby agree, without limitation on the generality of the foregoing, and each mortgagee, upon being a mortgagee of a condominium unit does hereby agree, that the Association, as trustee, shall have full power and authority, in addition to the powers above given to purchase and maintain such insurance, and remit premiums therefor, to collect proceeds and to use the same, and distribute the same to the Association, owners and mortgagees, as their interests may appear, all pursuant to and subject to the applicable statutes and the provisions of this Declaration and the Bylaws of the Association, and to execute all documents and do all things on behalf of each owner and the Association as shall be necessary or convenient to the accomplishment of the foregoing.

Anything herein to the contrary notwithstanding, the Association agrees that it shall make no claim against any owner, and each owner agrees that he shall make no claim against the Association, the Manager or any other owner or owners, for any loss or damage to any of the Association's property or other owner's personal property or to the owner's condominium unit, even if caused by the act or neglect of the Association, the Manager or such other owner or owners, due to a peril insured against by the insurance obtained and maintained by the Manager or Board of Directors, or by such owner, pursuant to this paragraph 2h, to the extent of any recovery collectible under all such insurance policies, and all such claims, to the extent of such recovery, are hereby waived and released; provided, however, that this waiver shall not apply to damage due to vandalism or malicious mischief and shall apply only during such time as the applicable policy or policies shall contain a clause or endorsement to the effect that any such release shall not adversely affect or impair said policy or policies or prejudice the right of such owner to recover thereunder, and each owner, and the Board of

contain such a clause or endorsement.

3. By deleting paragraph 29 and inserting in lieu thereof the following:

"29. Disposition of Property Where It Is Damaged By Fire or Other Disaster. In case of fire or other disaster, if a majority of the unit owners (as defined by Minnesota Statutes (1969) Section 515.02) and all other parties in interest do not voluntarily make provision for reconstruction within 180 days from the date of damage or destruction then notice shall be filed for record and the condominium project disposed of, all pursuant to Minnesota Statutes (1969) Section 515.26."

4. Said Declaration, as hereby amended, shall otherwise be in full force and effect.

This instrument is exempt from State Deed Tax.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed this _____ day of _____, 1971.

In Presence of:

VALHALLA PARK CO., a partnership

By Quality Homes, Inc.

By

Its

Owner of 80% or more of the total percentage of undivided interest in the general common elements.

The undersigned, Olmsted Federal Savings and Loan Association consents to the within Amendment No. 1 to Condominium Declaration for Valhalla Ten. This consent shall in no way constitute a waiver by said Olmsted Federal Savings and Loan Association of its right to require satisfactory insurance on Condominium loans made by it which said insurance must comply with the policies of said Olmsted Federal Savings and Loan Association and with the rules and regulations pertaining to the operation of said Association.

OLMSTED FEDERAL SAVINGS AND LOAN ASSOCIATION

By _____ Its _____

And _____ Its _____

Holder of all first mortgages on all condominium units.

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

On this _____ day of _____, 1971, before me, a Notary Public within and for said County personally appeared _____ to me personally known, who being by me duly sworn did say that he is the _____ of Quality Homes, Inc., the corporation named in the foregoing instrument as a general partner of VALHALLA PARK CO., and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed by said corporation by authority of its Board of Directors and on behalf of said partnership by authority of its partners and said _____ acknowledged said instrument to be the free act and deed of said partnership.

STATE OF MINNESOTA)
) SS.
COUNTY OF OLMSTED)

On this _____ day of _____, 1971, before me, a Notary Public within and for said County, personally appeared _____ and _____ to me personally known, who, being each by me duly sworn did say that they are respectively the _____ and the _____ of OLMSTED FEDERAL SAVINGS AND LOAN ASSOCIATION, the corporation named in the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors and said _____ and _____ acknowledged said instrument to be the free act and deed of said corporation.