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**Office of the County Recorder
Washington County, Minnesota**
Debra Ledvina, County Recorder

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Hills of Spring Creek (Phase 1/Parcel 1)

This Declaration of Covenants, Conditions and Restrictions (this "Declaration") is made this 16th day of November, 2021, by Derrick Custom Homes, Inc., a Wisconsin corporation (the "Developer").

WHEREAS, Developer is the owner of certain real property located in the Township of Baytown, County of Washington, State of Minnesota, legally described in Exhibit A attached hereto (the "Property").

WHEREAS, Developer desires to establish on the Property a planned residential community with permanently protected open space which will be owned, occupied and operated for the use, enjoyment, health, safety and welfare of the Owners and Occupants (as hereinafter defined).

THEREFORE, Developer subjects the Property to this Declaration under the name "Hills of Spring Creek," declaring that this Declaration shall constitute covenants that run with the Property and that the Property 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 in the Property, 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 "Act" shall mean the Minnesota Nonprofit Corporation Act, Minnesota Statutes Chapter 317A, as amended.

1.1 "Assessments" shall mean and refer to all Assessments levied by the Association pursuant to this Declaration, including annual Assessments, special

Assessments and limited allocation Assessments.

1.2 "Association" shall mean the Hills of Spring Creek Homeowners Association, Inc., a Minnesota non-profit corporation which has been created pursuant to the Act, whose members consist of all Owners.

1.3 "Board" shall mean the Board of Directors of the Association as provided for in the Bylaws.

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

1.5 "Chapter 84C" shall mean Chapter 84C of Minnesota Statutes, as the same may be amended from time to time.

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, items identified as Common Expenses in the Declaration or Bylaws.

1.7 "Common Irrigation System" refers to the system and all components of the system that pumps water from designated common ponds within the Property for the purpose of irrigating landscaping within the development, including, but not necessarily limited to, individual property Owner's Lots.

1.8 "Common Property" shall mean all Outlots shown on the Plat and the improvements located thereon including, without limitation, the entrance monument located within the right of way of 47th Street North, all street lights located within any right of way in Hills of Spring Creek, any improvements located on the Conservation Area, the Sewage Treatment System, the Common Irrigation System and associated ponds, and such other improvements that may be situated on the Outlots.

1.9 "Conservation Area" means Outlots A, B, C, D, E, F and G which are subject to the Conservation Easement and Management Plan.

1.10 "Conservation Easement" shall mean the Conservation Easement and Management Plan in favor of Hills of Spring Creek Home Owners Association, which governs the Conservation Area.

1.11 "Conservation Plan" shall mean the Conservation Easement and Management Plan for the Outlots designated by and set forth in the Conservation Easement.

1.12 "Developer" shall mean Derrick Custom Homes, Inc., a Wisconsin corporation, qualified to transact business in the State of Minnesota.

1.13 "Developer Control Period" shall mean and refer to the time period during which Developer has the exclusive right to appoint the members of the Board, as provided in Section 14 of this Declaration.

1.14 "Developer Rights" shall mean and refer to the exclusive rights reserved to

Developer to control the Association and complete the development of the Property, as described in Sections 13 and 14 of this Declaration.

1.15 "Development Agreement" shall mean the Development Agreement by and between the Developer and the Township.

1.16 "Dwelling" shall mean a building consisting of one or more floors (except as otherwise restricted herein), designed and intended for occupancy as a single family residence, and located within the boundaries of a Lot. Any reference to a Dwelling includes any garage attached thereto or otherwise included within the boundaries of the Lot in which the Dwelling is located.

1.17 "Footing Drainage System" shall mean a footing drainage system around the perimeter of each Dwelling to be constructed on each Lot; such system shall consist of a drain pipe leading from the back of the Dwelling to an established drainage easement.

1.18 "Governing Documents" shall mean this Declaration, the Articles of Incorporation, Bylaws, and Rules and Regulations as may be established by the Association from time to time, all as may be amended from time to time, all of which shall govern the Association and the use and operation of the Property.

1.19 "Hills of Spring Creek" refers to the residential development subject to this Declaration

1.20 "Holder" shall mean the Holder of the Conservation Easement as defined in Chapter 84C, as amended from time to time which, as of the date hereof, is defined to mean:

a. a governmental body empowered to hold an interest in real property under the laws of the State of Minnesota or the United States; or

b. a charitable corporation, charitable association (including a homeowners association), or charitable trust, the purpose or powers of which include retaining and protecting the natural, scenic or open space values of real property, assuring the availability of real property for agricultural, forest, recreational, or open-space use, protecting natural resources, maintaining or enhancing air or water quality, or preserving the historical, architectural, archaeological, or cultural aspects of the real property.

1.21 "Lot" shall mean any platted lot subject to this Declaration upon which a Dwelling is located or intended to be located, as described in Section 2.1 and shown on the Plat, including all improvements thereon, but excluding the Common Property.

1.22 "Occupant" shall mean any person or persons, other than an Owner, in possession of or residing on a Lot.

1.23 "Outlot" shall mean each of Outlets A, B, C, D, E, F, G, H, I, J, K, L, M, M, N, O, P, Q, R, S, T, U, V, W, and X.

1.24 "Owner" or "Owners" shall mean a Person or Persons who own a Lot, excluding contract for deed vendors, mortgagees and other secured parties. The term "Owner" or "Owners" includes, without limitation, contract for deed vendees, life tenants and remainder persons.

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

1.26 "Plat" shall mean the recorded plat of Hills of Spring Creek depicting the Property including any amended Plat or replat recorded from time to time.

1.27 "Property" shall mean all of the real property subject to this Declaration. The Property is legally described in Exhibit A attached hereto.

1.28 "Rules and Regulations" shall mean the Rules and Regulations of the Association as may be established and approved from time to time pursuant to Section 5.6.

1.29 "Sewage Treatment System" shall mean the private sewage treatment system servicing the Property and shall include, without limitation, the drain field dosing tank, recirculation tank, filter tank, septic tanks, air blower, control panel, manholes, metering manholes, and all related systems, components and improvements. Specifically excluded from the Sewage Treatment System are those parts of the service lines, piping, equipment and fixtures (including grinder pumps, if any) located on each Lot and extending to the point of connection with the sewer main, and designed to provide service exclusively to such Lot.

1.30 "Township" shall mean Baytown Township.

1.31 "Trailway System" shall mean the system of trails within Hills of Spring Creek created pursuant to the grant and conveyance of an easement in favor of the Township, described in Section 2.9.

SECTION 2

DESCRIPTION OF LOTS AND RELATED EASEMENTS

2.1 Lots. There are thirty (30) Lots within Hills of Spring Creek phase one (1), all of which are restricted exclusively to single-family residential use. The Lots are identified by lot and block numbers and subdivision name, as shown on the Plat, which is incorporated herein by reference. A description of the Lots is set forth on the Plat of Hills of Spring Creek recorded with the Registrar of Washington County, Minnesota, located in Baytown Township. The recorded plat is attached hereto as Exhibit A. There are twenty-five (25) Outlots within Hills of Spring Creek identified as Outlots described in section 1.23 of this document. Developer may create seventy-one (71) additional Lots in future phases by the subdivision of Outlots H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, and X as identified on the Plat, which Developer may subject to this Declaration by recording an amendment or supplement to this Declaration. Such amendments shall be signed by Developer and shall not require signature or approval by any Lot Owner.

2.2 Entrance Monument(s), Street Light(s), and Common Irrigation. An entrance monument for Hills of Spring Creek maybe situated within the right of way of 47th Street North and may have street lights located within the right(s) of way within Hills of Spring Creek. The Common Irrigation ponds (Ponds one (1) and five (5)) may be used to irrigate right of way boulevards and or the monument area within the right of way. The

Association is responsible for the maintenance, repair and, if necessary, replacement of the street lights and the entrance monument and any electrical and the irrigation system servicing the entrance monument(s) and or boulevards. The expenses for the maintenance, repair and replacement of the entrance monument(s), street lights, and irrigation system are Common Expenses.

2.3 Public Service Personnel. The Common Property is hereby subject to and burdened by an easement in favor of local and state police, medical and fire safety personnel, for the exercise of their lawful duties.

2.4 Utility Easements. The Property is hereby subject to and burdened by easements in favor of all public utility companies and other utility providers for the installation, use, maintenance, repair and replacement of all utilities including, without limitation, natural gas, electricity, cable TV and other electronic communications, water, sewer, irrigation systems, septic systems, wells, and metering and control devices, which exist or are constructed as part of the development of the Property, or which are referred to in the Plat or otherwise described in this Declaration or any other duly recorded instrument.

2.5 Drainage Easements. Each Lot and Outlot is hereby benefited by and subject to drainage easements as depicted on the plat of Hills of Spring Creek. No improvements may be located on the drainage easements.

2.6 Developer's Easements. The Property is hereby subject to, and Developer is the beneficiary of, easements for construction, sales activities and related purposes as deemed reasonably necessary or useful by Developer in its sole discretion.

2.7 Common Irrigation System. All Dwellings will be required to connect with the Common Irrigation System. The common irrigation system that delivers water to each lot, from the water reuse ponds, shall be installed by the developer. Dwellings may NOT connect any other central irrigation system to their household potable water supply, or establish their own well. Any central irrigation of the property shall be done solely through the common irrigation system water supply connected with the reuse ponds. Design of irrigation for each Lot will, along with its corresponding landscape plan, be the home owners' responsibility and will require Developer approval prior to installation hook up to the main irrigation supply line.

2.8 Sewage Treatment System. All Dwellings must be connected to the Sewage Treatment System. The Sewage Treatment System will be installed by Developer. The Sewage Treatment System will be owned by the Association, and the Association shall be responsible for compliance with all applicable laws, ordinances, rules and regulations. The Association shall contract with a qualified sewer professional to maintain and monitor the Sewage Treatment System, and shall retain copies of monitoring reports for the Sewage Treatment System. The assessments levied by the Association pursuant to Section 6 of this Declaration shall include fees to maintain and repair the Sewage Treatment System and to establish a replacement reserve for the Sewage Treatment System.

2.9 Trailway System. Developer hereby grants and conveys to the Township a permanent easement for the Trailway System over and across that portion of the Property where the trailways are initially constructed. The Trailway System may be used for biking, hiking, rollerblading, and skateboarding. Motorized vehicles of any kind are strictly

prohibited from use on the Trailway System, except by emergency vehicles, and the Association for maintenance. The Trailway System shall be installed by the Developer at the Developer's cost. Upon completion of the initial construction of the Trailway System, the Association shall maintain and repair the Trailway System. If the Township or other governmental entity shall assume maintenance and repair responsibility for the Trailway System, the Association's responsibilities hereunder shall cease. Nothing herein shall create a duty by the Association to any person who is not a Member of the Association. The Association Board of Directors shall determine the level of maintenance required for the Trailway System, including, but not limited to whether or not the Trailway System will be cleared of debris, ice, and or snow. Repairs to the Trailway System shall be determined by the Association Board of Directors and funded through annual Assessments. The Association shall, as long as the Trailway System is established as usable within the development, purchase and maintain appropriate liability insurance necessary to cover the Association from any casualty claims by users of the Trailway System per section 10.

2.10 Allocation of Responsibilities for Sewage Treatment System. Each Owner of a Lot is responsible for maintenance, repair and, if necessary, replacement of the components of the sewer system located upon such Owner's Lot extending to its point of connection with the Sewage Treatment System situated on an Outlot or within a public right of way. The Association is responsible for the operation, maintenance, repair and, to the extent necessary, replacement of the Sewage Treatment System, but shall have no responsibility for any part of the sewer system located on a Lot, including the piping connecting the Dwelling to the sewer main. Each Owner of a Lot shall comply with all requirements imposed by law and the Rules and Regulations of the Association with respect to use of the Sewage Treatment System.

2.11 Allocation of Responsibilities for Common Irrigation System.

a. Each Owner of a Lot is and shall be responsible for maintenance, repair and, if necessary, replacement of the components of the common irrigation system located upon such Owner's Lot, extending from its point of connection with the Common Irrigation System main water line valve situated on an Outlot, or on an Owner's Lot or within a public right of way.

b. The Association shall be responsible for the operation, maintenance, repair and, to the extent necessary, replacement of the Common Irrigation System (except in a case where such repair or replacement is caused by a Lot Owner or such Owner's agents or contractors, in which case such Lot Owner shall be solely responsible) but shall have no responsibility for any part of the irrigation system located beyond the point of connection with the common irrigation main water supply lines to an individual Owner's Lot, whether or not such connection is located on the Owner's Lot. Where the common irrigation system's main water supply line lies within an Owner's Lot, any repair or damage to the main water supply line, and/or its components, shall be the responsibility of the Association, unless such repair is deemed to have been caused by a Lot Owner and/or such Owner's agents or contractors, in which case such Lot Owner shall be solely responsible. Any such repair by the Association to the common irrigation main water supply line, and/or its components, lying within or upon a Owner's Lot shall be limited to only that which is necessary to repair the main water line and/or its components. For the purpose of avoiding damage to the common irrigation main water supply line, each Lot Owner is responsible for ensuring they have performed a private utility locate prior to digging and or excavating on their Lot. Each Owner of a Lot shall comply with all requirements imposed by law and the Rules and Regulations of the Association with respect to use of the Common Irrigation System.

2.12 Easement for Encroachments. Each Lot shall be subject to an easement for encroachments now existing or hereinafter created through the location, operation, construction, replacement or reconstruction of the Sewage Treatment System, the Common Irrigation System, and the Trailway System. All Lots which are adjacent to the Conservation Area and/or Trailway System are subject to an encroachment easement in favor of the Association, the Township, their respective successors and assigns, for encroachments resulting from the location, construction and maintenance of the Trailway System, the creation and preservation of the Conservation Area and subsequent growth of trees and other vegetation in the Conservation Area. Such easements shall continue for so long as the encroachment exists.

2.13 Conservation Area. The Developer and the Association are parties to the Conservation Easement and Management Plan, which subjects the Conservation Area to the Plan. The Conservation Easement and Management Plan imposes certain restrictions and other covenants which shall run with the land and which support and govern the natural ecological system located within the Conservation Area. Certain parts of the Conservation Area will be subject to the Trailway System. All Trailways and rights of way shall be outside of infiltration basins and wet ponds. Trailways will be accessible by the public within the development.

2.14 Access to Conservation Area. The Conservation Area is subject to and burdened by an easement in favor of the Association, and the Township, and their agents and representatives, for purposes of ingress and egress, monitoring, maintenance, improvement and inspection of the Conservation Area and the Trailway System.

2.15 Recorded Easements. The Property shall be subject to such other easements as may be recorded against it or otherwise shown on the Plat.

2.16 Project Sign Easements. Developer and builders of Dwellings in Hills of Spring Creek shall have the right to erect project, home tour and builder signs and related directional signs within the Property. Developer shall have the right to erect one or more development signs identifying the Hills of Spring Creek development. All signs shall comply with the Township's ordinances and not conflict with the Habitat and Open Space Management Plan for the development.

2.17 Easements are Permanent. Unless otherwise stated in this Declaration, all easements and similar rights burdening or benefiting a Lot or an Outlot, or any other part of the Property shall run with the land, and shall be permanent, subject only to termination in accordance with the terms of the easement, the agreement of the benefited parties or a court order. With the exception of the Conservation Easement, any recorded easement benefiting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by this Declaration.

2.18 Impairment Prohibited. No person shall materially restrict or impair any easement benefiting or burdening the Property subject to this Declaration.

SECTION 3

COMMON PROPERTY AND OTHER PROPERTY

3.1 Common Property. The Common Property and its characteristics are as follows:

a. The Common Property consists of all Outlots shown on the Plat and the improvements located thereon including, without limitation, any entrance monument(s) located within the right of way of 47th Street North, the street lights located within any right of way in Hills of Spring Creek, the Sewage Treatment System, the Common Irrigation System, the Trailway System, and all such other improvements that may be situated on the Outlots. Outlots subject to future phases of development by Developer shall cease to be Common Property upon Developer recording an Amendment to this Declaration removing such Outlot(s) from the definition of Common Property hereunder.

b. The Common Property or portions thereof shall be subject to (i) the Conservation Easement; (ii) the applicable easements as described in this Declaration; (iii) the right of the Association to establish reasonable Rules and Regulations governing the use of the Common Property, and (iv) the Conservation Easement and Management Plan Plan.

c. Except as otherwise expressly provided in this Declaration or other Governing Documents, all maintenance, repair, replacement, management and operation of the Common Property shall be the responsibility of the Association.

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

SECTION 4

ASSOCIATION MEMBERSHIP: RIGHTS AND OBLIGATIONS

Membership voting rights and allocation of Common Expenses in 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 Person is an Owner of a Lot, each Owner is a member of the Association, but the Owners shall have only one vote per Lot owned.

4.2 Voting and Common Expenses. Voting rights and Common Expense obligations are allocated equally among the Lots, subject to limited Assessments authorized by Section 6.

4.3 Appurtenant Rights and Obligations. The ownership of a Lot shall include

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

4.4 Authority to Vote. The Owner, or some natural person designated to act as proxy on behalf of the Owner (who need not be an Owner), may cast the vote allocated to such Lot at meetings of the Association, or by an established process defined by the Association's Board of Directors. Such process shall be equitable and insure fair and equal treatment of all Owner's ability to cast their vote. This section is not meant to eliminate or restrict vote casting processes, but rather, allow for vote casting processes when physical attendance to annual meetings is not in the best interest of a member(s).

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 shall be governed by the Governing Documents. The Association shall be responsible for the operation, management and control of the Common Property and the rights and obligations of the Association set forth in this Declaration. The Association shall have all powers described in the Governing Documents and the Act. All power and authority of the Association shall be vested in the Board, unless action or approval by the 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, (ii) maintaining, repairing and replacing, where necessary, the improvements on the Common Property, (iii) overseeing and contracting with a private company for the maintenance, service, repair and replacement, as necessary, of the Sewage Treatment System, (iv) overseeing and contracting with a private company or companies for the operation, maintenance, service, repair and replacement, as necessary, of the Common Irrigation System, and (v) preserving the value and architectural character of the Property, and (vi) protecting and preserving the Conservation Area.

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

5.4 Bylaws. The Association shall have Bylaws. The Declaration and Bylaws shall govern the operation and administration of the Association. The Bylaws may be amended as described in the Act.

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. However, 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 law. Delegating or assigning a management agent shall require sixty percent (60%) support from voting eligible HOA members. The Board of Directors may remove any delegated manager or managing agent with sixty percent (60%) of approval from the HOA voting eligible members.

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, the Conservation Easement, the Habitat and Open Space Management Plan, and applicable law. 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.

SECTION 6

ASSESSMENTS

6.1 General. Assessments shall be determined and assessed against the Lots by the Board, in its discretion; subject to the requirements and procedures set forth in this Section 6. Assessments shall include annual Assessments under Section 6.2, and may include Special Assessments under Section 6.3 and limited Assessments under Section 6.4. Annual and Special Assessments shall be allocated among the Lots equally. Limited Assessments under Section 6.4 shall be allocated to Lots as set forth in that Section.

6.2 Annual Assessments. Annual Assessments shall be established and levied by the Board, subject to the limitations set forth hereafter. Each Annual Assessment shall cover all of the anticipated Common Expenses of the Association for that year which are to be shared equally by all Lots. Annual Assessments shall be payable in annual, quarterly, or monthly installments, as determined by the Board. Annual Assessments shall provide, among other things, for an adequate reserve fund for the maintenance, repair and replacement of the Common Property, including without limitation the Sewage Treatment System, the Common Irrigation System, and the maintenance of the Conservation Area in accordance with the Conservation Easement and Management Plan.

6.3 Levy of Assessments. The Association shall levy assessments to all Lots with a Dwelling connected to the Sewage Treatment System, and or the Common Irrigation System for operating and maintaining the Common Sewage Treatment System and Common Irrigation

System. Such levies shall include fees to service, maintain, repair, and to establish and maintain a replacement reserve for the Common Sewage Treatment System and Common Irrigation System.

6.4 Special Assessments. In addition to annual Assessments, and subject to the limitations set forth hereafter, the Board may levy in any Assessment year a special Assessment against all Lots equally. Special Assessments shall be used for the purpose of defraying in whole or in part the cost of any unforeseen and unbudgeted Common Expense.

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

a. Any Assessment or portion thereof benefiting fewer than all of the Lots may be assessed exclusively against the Lot or Lots benefited.

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

c. Late charges, fines and interest may be assessed as provided in Section 12.

d. Assessments levied to pay a judgment against the Association may be levied equally against all Lots existing at the time the judgment was entered.

e. If any damage to the Common Property or another Lot is caused by the act or omission of any Owner or Occupant, or their guests, the Association may assess the costs of repairing the damage exclusively against the Owner's Lot to the extent not covered by insurance

Assessments levied under Sections 6.5 a. through e. may, at the Board's discretion, be assessed as a part of, or in addition to, other Assessments levied under Section 6. If any Assessment or installment of an Assessment becomes more than thirty (30) days past due, then the Association may, upon ten (10) days written notice to the Owner, declare the entire amount of the Assessment immediately due and payable in full.

6.6 Liability of Owners for Assessments. The obligation of an Owner to pay Assessments shall commence at the later of (i) the time at which the Owner acquires title to the Lot, or (ii) the due date of the first Assessment levied by the Board; provided, that neither Developer nor Derrick Custom Homes, Inc., nor any unsold Lot owned by Developer or Derrick Custom Homes, Inc., shall be subject to or liable for any Assessment or Assessment lien. The Owner of a Lot at the time an Assessment is payable shall be personally liable for payment of the Assessment. Such liability shall be joint and several where there are multiple Owners of the Lot. The liability is absolute and unconditional. No Owner is exempt from liability for payment of Assessments by right of set-off, by waiver of use or enjoyment of any part of the Property or Common Property, by absence from or abandonment of the Lot, by the waiver of any other rights, or by reason of any claim against the Association or its officers, directors or agents, or for their failure to fulfill any duties

under the Governing Documents or the Act.

6.7 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 the Governing Documents are liens and are enforceable as Assessments under this Section 6. Recording of the Declaration constitutes record notice and perfection of the lien and no further recording of any notice of or claim for the lien is required. The release of the lien shall not release the Owner from personal liability unless agreed to in writing by the Association.

6.8 Foreclosure of Lien; Remedies. A lien for Assessments may be foreclosed against a Lot under the laws of the State of Minnesota. The lien shall be foreclosed in like manner as a mortgage containing a power of sale or in such other manner as required by law. The Association, or its authorized representative, shall have the power to bid in at the foreclosure sale and to acquire, hold, lease, mortgage and convey any Lot so acquired. The Owner and any other Person claiming an interest in the Lot, by the acceptance or assertion of any interest in the Lot, grants to the Association a power of sale and full authority to accomplish the foreclosure. The Association shall, in addition to its other remedies, have the right to pursue any other remedy at law or in equity against the Owner who fails to pay any Assessment or charge against the Lot.

6.9 Lien Priority; Foreclosure. A lien for Assessments is prior to all other liens and encumbrances on a Lot except (i) liens and encumbrances recorded before the Declaration, (ii) any first mortgage on the Lot, and (iii) liens for real estate taxes and other governmental Assessments or charges against the Lot.

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

SECTION 7 RESTRICTIONS

All Owners and Occupants, and all secured parties, by their acceptance or assertion of an interest in the Property, or by their occupancy of a Lot, covenant and agree that, in addition to any other restrictions which may be imposed by the Governing Documents, the occupancy, use, operation, alienation and conveyance of the Property shall be subject to the following restrictions:

7.1 General. The Property shall be owned, conveyed, encumbered, leased, used and occupied subject to the Governing Documents, as amended from time to time. All

covenants, restrictions and obligations set forth in the Governing Documents are in furtherance of a plan for the Property, and shall run with the Property and be a burden and benefit to all Owners and Occupants and to any other Person acquiring or owning an interest in the Property, their heirs, personal representatives, successors and assigns.

7.2 Conservation Area. The purpose of the Conservation Easement is to protect and preserve the conservation values of the Conservation Area by prohibiting activities that significantly interfere with the natural habitats and open space of the Conservation Area. This Declaration shall be read, construed and enforced together with the Conservation Easement. It is the intent of the Developer and the Association that, in the event of a conflict between the Declaration, Bylaws, any rules and regulations and the Conservation Easement, the Conservation Easement shall control as to all matters relating to the Conservation Area.

7.3 Responsibilities for Conservation Area. The Developer, or the Association, or other fee owner of the Conservation Area, is responsible for the maintenance and improvements to the Conservation Area. Responsibility for the inspection, maintenance, repair and, if necessary, replacement of the Trailway System within the Conservation Area shall be as provided in Section 2.9 and the Conservation Easement and Management Plan.

7.4 Grading and Filling. The Conservation Area shall not be used for composting and no soil, turf, lawn clippings, leaf litter, garden clippings, refuse plant matter, or other material shall be dumped or placed within the Conservation Area. No trash, waste or other refuse shall be dumped or placed in the Conservation Area.

7.5 Tree or Vegetation Removal. No trees or other vegetation shall be harvested, removed, poisoned, cut, pruned, divided or burned within the Conservation Area, except pursuant to the Conservation Easement and with written consent signed by Developer, or at such time when governance transfers to the Association or its Board.

7.6 Structures. No manmade structures including, without limitation, storage sheds, patios, and concrete walkways, will be permitted within the Conservation Area, except for the Trailway System and the manmade structures which are part of the storm water management system and which were installed by Developer or which are repaired, replaced or improved pursuant to the Conservation Easement and Management Plan.

7.7 Activities in Conservation Area. With the exception of the trails located within the Trailway System, which shall be subject to an easement in favor of the Township or Holder, the Conservation Area is restricted for use by the Owners and Occupants and their guests. Use of the Conservation Area is limited by the terms and restrictions of the Conservation Easement and Management Plan. Limited activities in the Conservation Area may include recreational activities such as walking, running, nature and wildlife observation, ecological studies, limited agricultural purposes over a portion of the Conservation Area, as permitted in the Conservation Easement, and such other activities approved by the Association. The Trailway System may also be used for the purposes described in Section 2.9.

7.8 Subdivision Prohibited. Except as permitted in Section 13.1 hereof, no Lot nor any part of the Common Property may be subdivided or partitioned without prior approval by the Owners, and any governmental authorities having jurisdiction over the

Property. The Conservation Area may not be subdivided, except as specifically provided in the Conservation Easement.

7.9 Residential Use. The Lots shall be used by Owners and Occupants and their guests exclusively as private, single family residential Lots. No Dwelling shall be used for hotel, commercial, business or other non-residential purposes, except as provided in Section 7.12.

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

- a. An Owner or Occupant permanently residing in a Dwelling may maintain a home occupation in the Dwelling and handle matters relating to such home occupation, provided, that such uses (i) are incidental to the residential use; (ii) do not involve physical alteration of the Dwelling visible from the exterior; (iii) are in compliance with all governmental laws, ordinances and regulations; and (iv) do not involve any observable business activity such as signs, advertising displays, regular deliveries, or daily pedestrian or vehicular traffic to and from the Lot by customers or employees.
- b. Developer may maintain sales offices and related facilities on the Property in connection with the exercise of its Developer Rights in compliance with all governmental laws, ordinances and regulations, subject to the terms and restrictions of the Conservation Easement.

7.11 Delegation of Use. An Owner may delegate, in accordance with the Governing Documents, the Owner's right of use and enjoyment of the Lot to persons living in the Dwelling located on the Lot pursuant to a legal right of possession; provided, that such persons shall be subject to the Governing Documents, the Conservation Easement, and the Rules and Regulations.

7.12 Vehicles and Personal Property. No commercial vehicles, recreational vehicles, trucks of greater than one (1) ton capacity or larger, campers, motorhomes, buses converted to campers or other light vehicles shall be parked, stored or left on any lot for more than seven (7) consecutive days within a month, except within the house, garage, or screened area. This prohibition is meant to disallow the placement of such items noted above on the property on a continuous basis. The seven (7) day period is meant to allow occasional placement upon the lot for purposes of maintenance, cleaning, repair, and or transport loading. This prohibition shall not prohibit the parking of contractors' trucks and equipment used during the construction of improvements to any Lot or during the actual repair of the Property. No motor vehicle that is not licensed and operable shall be parked or stored on any Lot for more than forty-eight (48) hours. No snowmobiles, boats, trailers, construction equipment, building materials or supplies, ice houses, pick-up campers, lawnmowers or other landscape maintenance equipment, or other extraneous and unsightly objects shall be stored on any Lot, except construction equipment and building materials and supplies may be stored in a neat and orderly manner during the actual construction of improvements upon a Lot. No garage shall be used as storage whereby doing so causes the continuous parking of more than two (2) vehicles in the driveway or on the street.

7.13 Dog Runs/Kennels. Outside dog runs or kennels are subject to approval as

provided in Section 8. Dog runs or kennels which are located completely within the inside of the garage and which have an animal exit door on the rear of the garage in an area which is not visible from the street are permitted. Perimeter fencing meant to contain the pet(s) shall comply with perimeter fencing requirements found in Section 7.24 of this document. Underground wires which are part of a pet containment system are permitted.

7.14 Animals. No animals may be bred, kept or maintained for business or commercial purposes anywhere on the Property. Only domestic house pets, such as dogs, cats, fish, birds and the like may be kept on the Property.

7.15 Dirt Bikes and ATVs. No all-terrain vehicles (ATV) including, but not limited to, dirt bikes, three wheelers and four wheelers, and no snowmobiles, shall be operated within the Property. Storage of ATVs and snowmobiles are permitted provided they are stored consistent with the storage requirements of this Declaration.

7.16 Refuse. No refuse pile or unsightly objects shall be allowed to be placed or stored upon any Lot. Firewood may be stored on a Lot but shall be shielded from street view. No substance or material may be kept on any Lot which omits foul or obnoxious odors. Garbage may not be stored outside unless shielded from view from all neighbors, behind an approved architecturally reviewed fence, or upon the day when garbage is collected. All garbage must be stored in sealed and enclosed containers. Lawn clippings shall not be blown, dumped, or spread onto any street or upon any outlot property.

7.17 Gas, Electric and Water Meters. Gas, electric, and water meters shall be located away from the Dwelling side fronting the street and obscured from direct public view. Where these locations cannot be adhered to, a landscape buffer must be incorporated to obstruct the view of these meters

7.18 Signs. No signs, unless allowed by applicable ordinances, laws or regulations may be displayed to public view on any Lot or structure except signs not more than seven (7) feet square advertising the property for sale or rent, or any monuments are exempt from this section. No signage, unless allowed by applicable ordinances, laws or regulations shall be placed within Property rights of way. No signage, except where allowed by applicable ordinances, laws or regulations, shall be displayed for more than a total of 30 days in any calendar year. No signage, inclusive of political signage, shall be posted to Common Property owned by the Association without Association written approval.

7.19 Solar Panels. Any Solar Panel(s) and or Solar Panel Array larger than 1 square foot in area must be located on the rear roof of the home facing away from the road. Solar panels require Architectural Committee review and approval prior to installation.

7.20 Storage Tanks. No underground or exterior above ground storage tanks shall be permitted on a Lot.

7.21 Outdoor Pools. Only In-ground, outdoor pools are permitted on a Lot. All equipment associated with an in-ground pool must be screened from view by use of landscaping shrubbery and/or trees. In-ground pools, and corresponding landscaping, must be reviewed approved by the Architectural Review Committee.

7.22 Postal Boxes. Postal boxes shall be cluster style mail units of the same

design, style, color, and placed in location(s) of the Developer's choosing. The Association shall manage, maintain, repair, and or replace the postal cluster units at the discretion of the Board. The Association, after assuming governing authority, may decide to change the design, style, and color of the cluster postal boxes but shall do so entirely across the whole development, with costs assessed to each Lot Owner.

7.23 Temporary and other Structures. No temporary structure or storage building of any kind including, without limitation, trailers, shacks, or shelters are permitted at any time, with the exception of the following: (a) a gazebo and/or (b) a pool house and/or storage building and/or (c) a pergola may be erected and used only in connection with an in-ground, outdoor pool (except a pergola also may be used when attached to a patio or deck adjacent to or attached to the dwelling). A gazebo, pool house and/or storage building used in connection with an in-ground, outdoor pool and any pergola must be constructed and designed to be compatible with the Dwelling on the Lot, as determined by the Architectural Review Committee. Any gazebo, pool house, and/or storage building used in conjunction with an in-ground, outdoor pool, and has electrical outlets, or electrical switches and lights, ceiling fans, and or plumbing of any sort shall be permanently affixed to a foundation for the structure.

7.24 Fences. There shall be no front fences and no chain link fences of any kind allowed. Any back or side yard fence shall: a) not exceed four feet in height, unless a lesser or greater height is required by Township ordinance or other applicable law; and b) the fence style, materials and location are approved by the Developer during the period of Developer control or by the Association upon turnover of control by the Developer. Perimeter fences, shall be black aluminum picket style and match any adjoining neighbor's fence, should one exist. Privacy fences may be erected in conjunction with an outdoor patio, or a hot tub installation, and are limited to a maximum of 4 sections, no larger than 8 feet tall and 12 feet wide. Privacy fences are to be constructed and finished to compliment the homes exterior.

7.25 Yard Ornaments and Flagpoles. No yard ornaments shall be permitted without the prior approval of the Architectural Review Committee. Flag poles may not be taller than the height of the Dwelling, nor be installed within the rights-of-way. No more than one detached flag pole is permitted in the front of the Dwelling. Detached flag poles may not have more than three flags flown at any time, nor shall any flag flown upon the Property be larger than 24 square feet in area (i.e. 4'x6'). No flags of a commercial nature may be flown at any time. Architectural Review Committee approval is required prior to installation of a detached flag pole upon the Lot.

7.26 Antenna. Radio and television antennas must be located within the structure so as not to be visible from adjacent homes. Only satellite receivers that are less than one meter in diameter are allowed. Any satellite receiver less than one meter in diameter must be mounted to the home. Outdoor installation of an antenna and or satellite receiver requires Architectural review and approval.

7.27 Maintenance of Improvements. All Dwellings and other improvements located upon a Lot shall be maintained in good condition and repair, consistent with the standards of maintenance and repair of improvements within the Property.

7.28 Nuisances. No noxious weeds or other species of vegetation identified by the Association shall be permitted to grow or remain upon any Lot. No Lot shall be used in

whole or in part for the storage of any rubbish and no materials may be kept upon any Lot that will result in any foul or obnoxious odors. No activity shall be permitted on any Lot which will constitute a nuisance under any ordinance of the Township.

7.29 Quiet Enjoyment; Interference Prohibited. All Owners and Occupants and their guests shall have a right of quiet enjoyment in their respective Lots. The Property shall be occupied and used in such a manner as will not cause a nuisance, nor unduly restrict, interfere with or impede the use and quiet enjoyment of the Property by other Owners and Occupants and their guests.

7.30 Compliance with Law; Liability. No use shall be made of any Lot or of the Property which would violate any municipal codes or ordinances, or state or federal laws, nor shall any act or use be permitted which could cause waste to any Lot or the Property, cause a nuisance or a material increase in insurance rates on any Lot or the Property, or otherwise cause any health or safety risk for the Association or any Owner or Occupant.

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

7.32 Sewage Treatment System Usage. No Owner or Occupant shall empty, dispose of, or otherwise place any prohibited substances or materials in the Sewage Treatment System. The Sewage Treatment System shall be subject to the Rules and Regulations of the Association governing use of the Sewage Treatment System.

7.33 Common Irrigation System. Each Owner of a Lot shall comply with all requirements imposed by law and the Rules and Regulations of the Association, or their designated management company/companies, with respect to use of the Common Irrigation System. No unauthorized access to the main irrigation supply lines, the associated ponds and common equipment servicing the system shall be allowed without written approval by the Association, its Board, or their designated Persons.

a. Lot Owners shall own and be responsible for their dwelling's irrigation system(s), including seasonal preparation, maintenance, and repair of all portions of the system(s) inclusive of and beyond the service connection, connecting the Owners' irrigation system(s) to the common irrigation system.

b. No Lot Owner shall modify, add, or change any portion of the common irrigation system. All connections of a dwelling's irrigation system(s) shall require HOA approval prior to any such connection.

c. The Association may, if determined appropriate by the Board, assess any Lot Owner for damages to the common irrigation system caused by the modification, addition, or change a homeowner, or their agent, makes to the common irrigation system, inclusive of the reuse ponds and corresponding equipment, without prior approval from the Association.

d. Lot Owners shall control their lot irrigation system using what is commonly referred to as a "Smart Controller" system.

e. The Board shall be the sole decision body for determining the schedule for when

water is available to each lot from the common system, as well as determining seasonal dates as to when the common system will be turned on and turned off.

f. The Board shall, without requiring consent from the Lot Owner(s), have the authority at any time to discontinue, for any length of time, common irrigation water service for purposes of maintenance, repair, and or replacement.

SECTION 8

ARCHITECTURAL STANDARDS

8.1 Restrictions on Improvements. One of the purposes of this Declaration is to ensure that the Lots and Dwellings be kept architecturally attractive in appearance. Therefore, the following restrictions and requirements shall apply to all improvements to the Property:

- a. All initial construction of a Dwelling, or improvements related thereto, on any of the Lots (collectively, "Initial Construction") shall be subject to the review and approval by the Developer in accordance with this Section 8.
- b. All Initial Construction shall be constructed by a builder who has been approved by the Developer. Developer will provide to any Owner of a Lot a list of approved builders and will, upon request, consider the addition of a builder to the list. The decision of whether to admit an additional builder shall rest in the sole discretion of Developer.
- c. The Developer may establish criteria for approval of improvements on the Lots, provided that the following minimum criteria shall apply:
 - (1) The exterior design criteria for Dwellings initially constructed on the Lots shall be determined by Developer.
 - (2) It is the Developer's intent that the homes reflect the beauty of the surrounding environment and be architecturally compatible with other Dwellings within Hills of Spring Creek.
 - (3) All additions to Dwellings shall substantially maintain the same original style and design characteristics of the Dwelling. Comparable or better quality materials shall be used in additions to Dwellings.
 - (4) No temporary structures or manufactured homes shall be permitted, except as otherwise provided in Section 7.
 - (5) All Dwellings shall be constructed on industry standard concrete foundations, with foundation walls of concrete block or poured concrete.
 - (6) Garages shall be attached to a Dwelling and shall not exceed the size

permitted by Township ordinance. There shall be compliance with governmental laws, codes and regulations.

- (7) Only one Dwelling (including the attached garage) shall be constructed on each Lot.

SECTION 9

MAINTENANCE

9.1 Maintenance by Association. The Association shall provide for all maintenance, repair or replacement of the Common Property, including all improvements thereon. The Association shall not have any obligation to maintain any Dwelling or improvement located on a Lot.

9.2 Optional Maintenance by Association. The Association may, with the approval of the Board and a majority of votes cast by the Owners in person or by proxy at a meeting called for such purposes, undertake to provide other maintenance and repair services.

9.3 Maintenance by Owner. All maintenance of the Dwellings and Lots shall be the sole responsibility and expense of the Owners thereof. All Dwellings, inclusive of landscaping and other improvements, shall be maintained in good condition and repair, consistent with standards of maintenance and repair of, Dwellings and improvements in Hills of Spring Creek.

9.4 Damage Caused by Owner. Notwithstanding any provision to the contrary in this Section or otherwise, if, in the judgment of the Association, the need for maintenance, repair or replacement of any part of the Common Property is caused by the willful or negligent act or omission of an Owner or Occupant, or their guests, or by a condition in a Lot which the Owner or Occupant has willfully or negligently allowed to exist, the Association may cause such damage or condition to be repaired or corrected. The costs of such work by the Association may be charged and assessed against the Lot of the Owner responsible for the damage. Such costs shall be a personal obligation of the Owner and a lien against the Owner's Lot.

SECTION 10

INSURANCE

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

- a. Comprehensive public liability insurance covering the use, operation and maintenance of the Common Property, with minimum limits of Five Hundred Thousand Dollars (\$500,000.00) per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. The policy shall contain a "severability of

interest" endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of negligent acts of the Association or other Owners or Occupants. The Township shall be named as additional insured on said policy and said policy shall not be cancelled without at least twenty (20) days' priorwritten notice to the Township.

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

10.2 Premiums; Improvements; Deductibles. All insurance premiums shall be Common Expenses and assessed and paid as annual Assessments. The Association may, in the case of a claim (i) pay the deductible amount as a Common Expense, or (ii) assess the deductible amount in any reasonable manner.

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

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

- a. Each Owner and secured party is an insured Person under the policy with respect to liability arising out of the Owner's interest in the Common Property or membership in the Association.
- b. The insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household and against the Association and members of the Board.
- c. No act or omission by any Owner or secured party, unless acting within the scope of authority on behalf of the Association, shall void the policy or be a condition to recovery under the policy.
- d. If at the time of a loss under the policy there is other insurance in the name of an Owner covering the same property covered by the policy, the Association's policy is primary insurance.

10.5 Cancellation; Notice of Loss. All policies of property insurance and comprehensive liability insurance maintained by the Association shall provide that the policies shall not be cancelled or substantially modified, for any reason, without at least thirty (30) days prior written notice to the Association, and all insureds.

10.6 Restoration in Lieu of Cash Settlement. Any policy of property insurance maintained by the Association shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable (i) without the prior written approval of the Association (or any Insurance Trustee) or (ii) whenin conflict with provisions of any insurance trust agreement to which

the Association may be party, or any requirement of law.

10.7 No Contribution. All policies of insurance maintained by the Association shall be the primary insurance where there is other insurance in the name of the Owner covering the same property, and may not be brought into contribution with any insurance purchased by Owners.

10.8 Effect of Acts Not Within Association's Control. All policies of insurance maintained by the Association shall provide that the coverage shall not be voided by or conditioned upon (i) any act or omission of an Owner or Occupant, unless acting within the scope of authority on behalf of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

SECTION 11

CONDEMNATION AND EMINENT DOMAIN

11.1 Condemnation and Eminent Domain. In the event of a taking of any part of the Common Property by condemnation or eminent domain, (i) notice shall be given to all Owners and to the Holder of the Conservation Easement, (ii) the Association shall be the attorney-in-fact to represent the Owners in any related proceedings, negotiations, settlements or agreements, and (iii) except as otherwise provided under the terms of the Conservation Easement, any awards or proceeds shall be payable to the Association to hold and distribute for the benefit of the Owners.

11.2 Notice. The Association shall promptly give written notice of any condemnation proceedings or substantial destruction of the Property to all Owners and to the Holder of the Conservation Easement.

SECTION 12

COMPLIANCE AND REMEDIES

Each Owner and Occupant, and any other Person owning or acquiring any interest in the Property, shall be governed by and comply with the Governing Documents, such amendments thereto as may be made from time to time, the Conservation Easement, the Rules and Regulations and the decisions of the Association. A failure to comply shall entitle the Association to the relief set forth in this Section, in addition to the rights and remedies authorized elsewhere by the Governing Documents or by law.

12.1 Entitlement to Relief. The Association may commence legal action to recover sums due, for damages, for injunctive relief, or to foreclose a lien owned by it, or any combination thereof, or an action for any other relief authorized by the Governing Documents or available at law or in equity. Legal relief may be sought by the Association against any Owner, or by an Owner against the Association or another Owner, to enforce compliance with the Governing Documents, the Rules and Regulations, the Act, the

Conservation Easement, the Habitat and Open Space Management Plan, or the decisions of the Association. However, no Owner may withhold any Assessments payable to the Association, or take or omit to take other action in violation of the Governing Documents, the Conservation Easement, or the Rules and Regulations, as a measure to enforce such Owner's position, or for any other reason.

12.2 Remedies. In addition to any other remedies, expressed or implied, administrative or legal, the Association shall have the right, but not the obligation, to implement any one or more of the following actions against Owners and Occupants and/or their guests, who violate the provisions of the Governing Documents or the Rules and Regulations:

- a. Commence legal action for damages or equitable relief in any court of competent jurisdiction. The provisions of Chapter 84C and Minn. Stat. § 84.65 as the same may be amended from time to time, may be invoked in any legal proceeding relating to the Conservation Area.
- b. Impose late charges of up to the greater of Twenty Dollars (\$20.00), or fifteen percent (15%) of the amount past due, for each past due Assessment or installment thereof, and impose interest at the highest rate permitted by law accruing beginning on the first day of the month after the Assessment or installment was due.
- c. In the event of default of more than thirty (30) days in the payment of any Assessment or installment thereof, all remaining installments of Assessments assessed against the Lot owned by the defaulting Owner may be accelerated and shall then be payable in full if all delinquent Assessments or installments thereof, together with all attorneys' fees, costs of collection and late charges, are not paid in full prior to the effective date of the acceleration. Not less than ten (10) days advance written notice of the effective date of the acceleration shall be given to the defaulting Owner.
- d. Impose reasonable fines, penalties or charges for each violation of the Governing Documents, the Conservation Easement, or the Rules and Regulations of the Association.
- e. Suspend the rights of any Owner to vote when the Assessments due with respect to the Owner's Lot are past due. Such suspensions shall be limited to periods of default by such Owners and Occupants in their obligations under the Governing Documents, and for up to thirty (30) days thereafter, for each violation.
- f. Restore any portions of the Common Property damaged or altered, or allowed to be damaged or altered, by any Owner or Occupant or their guests in violation of the Governing Documents or the Conservation Easement, and to assess the cost of such restoration against the responsible Owners and their Lots. Such restoration shall be completed by the agents selected by the developer until such time as the Association and its Board assume governing responsibility.

- g. Enter any Lot in which, or as to which, a violation or breach of the Governing Documents exists which materially affects, or is likely to materially affect in the near future, the health or safety of the other Owners or Occupants, or their guests, or the safety or soundness of any Dwelling or other part of the Property or the property of the Owners or Occupants, and to summarily abate and remove, at the expense of the offending Owner or Occupant, any structure, thing or condition on the Lot which is causing the violation; provided, that any Improvements which are a part of a Dwelling may be altered or demolished only pursuant to a court order or with the agreement of the Owner.
- h. Foreclose any lien arising under the provisions of the Governing Documents or under law, in the manner provided by the Governing Documents.

12.3 Rights to Hearing. Before the imposition of any of the remedies authorized by Section 12.2 d., e., f. or g., the Board shall, upon written request of the offender, grant to the offender an opportunity for a fair and equitable hearing. The offender shall be given notice of the nature of the violation and the right to a hearing, and at least ten (10) days within which to request a hearing. The hearing shall be scheduled by the Board and held within thirty (30) days of receipt of the hearing request by the Board, and with at least ten (10) days prior written notice to the offender. If the offender fails to timely request a hearing or to appear at the hearing, then the right to a hearing shall be deemed waived and the Board may take such action as it deems appropriate. The decision of the Board and the rules for the conduct of hearings established by the Board shall be final and binding on all parties. The Board's decision shall be delivered in writing to the offender within ten (10) days following the hearing, if not delivered to the offender at the hearing.

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

12.5 Costs of Proceeding and Attorneys' Fees. With respect to any collection measures, or any measures or action, legal, administrative, or otherwise, which the Association takes to enforce the provisions of the Act, Governing Documents or Rules and Regulations, whether or not finally determined by a court or arbitrator, the Association may assess the violator and the violator's Lot with any expenses incurred in connection with such enforcement, whether or not legal action is commenced, including without limitation fines or charges previously imposed by the Association, reasonable attorneys' fees, and interest (at the highest rate allowed by law) on the delinquent amounts owed to the Association. Such expenses shall also include any collection or contingency fees or costs charged to the Association by a collection agency or other Person acting on behalf of the

Association in collecting any delinquent amounts owed to the Association by an Owner or Occupant. Such collection or contingency fees or costs shall be the personal obligation of such Owner and shall be a lien against such Owner's Lot.

12.6 Liability for Owners' and Occupants' Acts. An Owner shall be liable for the expense of any maintenance, repair or replacement of the Property rendered necessary by such Owner's acts or omissions, or by that of Occupants or guests in the Owner's Lot, to the extent that such expense is not covered by the proceeds of insurance carried by the Association or such Owner or Occupant. However, any insurance deductible amount and/or increase in insurance rates, resulting from the Owner's or Occupant's acts or omissions may be assessed against the Owner responsible for the condition and against his or her Lot.

12.7 Enforcement by Owners. The provisions of this Section shall not limit or impair the independent rights of Owners to enforce the provisions of the Governing Documents against other Owners and Occupants.

12.8 Enforcement by Township. The Township may enforce the Trailway System and all provisions in this Declaration relating to the Trailway System and all provisions in this Declaration relating to the Conservation Easement. These remedies shall be in addition to all of the remedies available at law or equity. The Township shall be entitled to recover attorney fees incurred in any legal proceeding to enforce the Conservation Easement and Trailway System and the applicable provisions of this Declaration relating to the Trailway System, Conservation Easement and Conservation Area, in addition to collecting all other damages, costs and disbursements provided by law.

SECTION 13

AMENDMENTS

13.1 Approval Requirements.

a. Developer reserves the right to amend this Declaration to add additional Lots to Hills of Spring Creek created pursuant to the subdivision and platting of Outlets, without the approval or consent of the Owners or the Association, and by recording a supplement or amendment to this Declaration which identifies the additional Lots; provided, however, that such subdivision shall be in compliance with all applicable laws and regulations governing the subdivision and platting of lands within the Township and Washington County.

b. Except as provided in Section 13.1(a), this Declaration may be amended only by the approval of:

- (i) Owners of Lots to which are allocated at least sixty-seven percent (67%) of the total votes in the Association;
- (ii) Developer, as to certain amendments as provided in Section 14; and
- (iii) Township as to any amendment to Section 6.2 or Section 7 of this Declaration and to any amendment which affects or is related to the Conservation Area, Conservation Easement or the Trailway System.

13.2 Procedures. Approval of the Owners may be obtained in writing, by ballot (written or electronic), at a meeting of the Association duly held in accordance with the Bylaws, or in any other manner permitted by applicable law. Approvals of Developer shall be in writing. The amendment shall be effective when recorded. An affidavit by the President or Secretary of the Association as to the outcome of the vote, shall be adequate evidence thereof for all purposes.

SECTION 14

DEVELOPER RIGHTS

Developer hereby reserves exclusive and unconditional authority to exercise the following rights for as long as it owns a Lot or Outlot, or for such shorter period as may be specifically indicated, except as otherwise limited or restricted under the terms of the Conservation Easement or the Act:

14.1 Subdivision of Outlots. To add additional Lots to Hills of Spring Creek pursuant to the subdivision of Outlots.

14.2 Complete Improvements. To complete all the Dwellings and other improvements to the Property, and to make improvements in the Lots and Common Property, and to accommodate the exercise of any Developer rights.

14.3 Sales Facilities. To construct, operate and maintain a sales office(s), management office(s), model Lots and Dwellings, and other development, sales and rental facilities within the Property, and within any Lots owned by Developer from time to time, located on the Property.

14.4 Signs. To erect and maintain signs and other sales displays offering the Lots for sale or lease, in or on any Lot owned by Developer and on the Common Property.

14.5 Easements. To have and use easements for itself, its employees, contractors, representatives, agents and prospective purchasers through and over the Property and the yard areas of the Lots for the purpose of exercising its rights under this Declaration.

14.6 Control of Association. Developer shall have the exclusive right to control the operation and administration of the Association, including without limitation the power to appoint and remove the members of the Board, until the earliest of: (i) voluntary surrender of control by Developer, or (ii) following the sale of the final Lot owned by Developer in the Property.

14.7 Consent to Certain Amendments. Until such time as Developer no longer owns a Lot or Outlot, Developer's written consent shall be required for any amendment to the Governing Documents.

SECTION 15
MISCELLANEOUS

15.1 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.

15.2 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 sectionsthereof.

15.3 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, the Association officers or the Owners or Occupants shall be in writing and shall be effective upon hand delivery, or mailing if properly addressed with postage prepaid and deposited in the United States mail.

15.4 Conflicts Among Documents. In the event of any conflict among the provisions the Declaration, the Bylaws or any Rules or Regulations approved by the Association, the Declaration shall control. As between the Bylaws and Rules and Regulations, the Bylaws shall control. In the event of any conflict among the provisions of the Declaration, Bylaws, any rules or regulations approved by the Association and the Conservation Easement, the Conservation Easement shall control.

DEVELOPER:

DERRICK CUSTOM HOMES, INC.



By: Ronald L, Derrick
Title: President


ACKNOWLEDGMENT

STATE OF WISCONSIN

COUNTY OF ST. CROIX

)
)ss.

Personally came before me this 10th day of November, 2021, the above named Derrick Custom Homes, Inc., a Wisconsin corporation, by Ronald L. Derrick, President, to me known to be the person who executed the foregoing instrument and acknowledged the same.

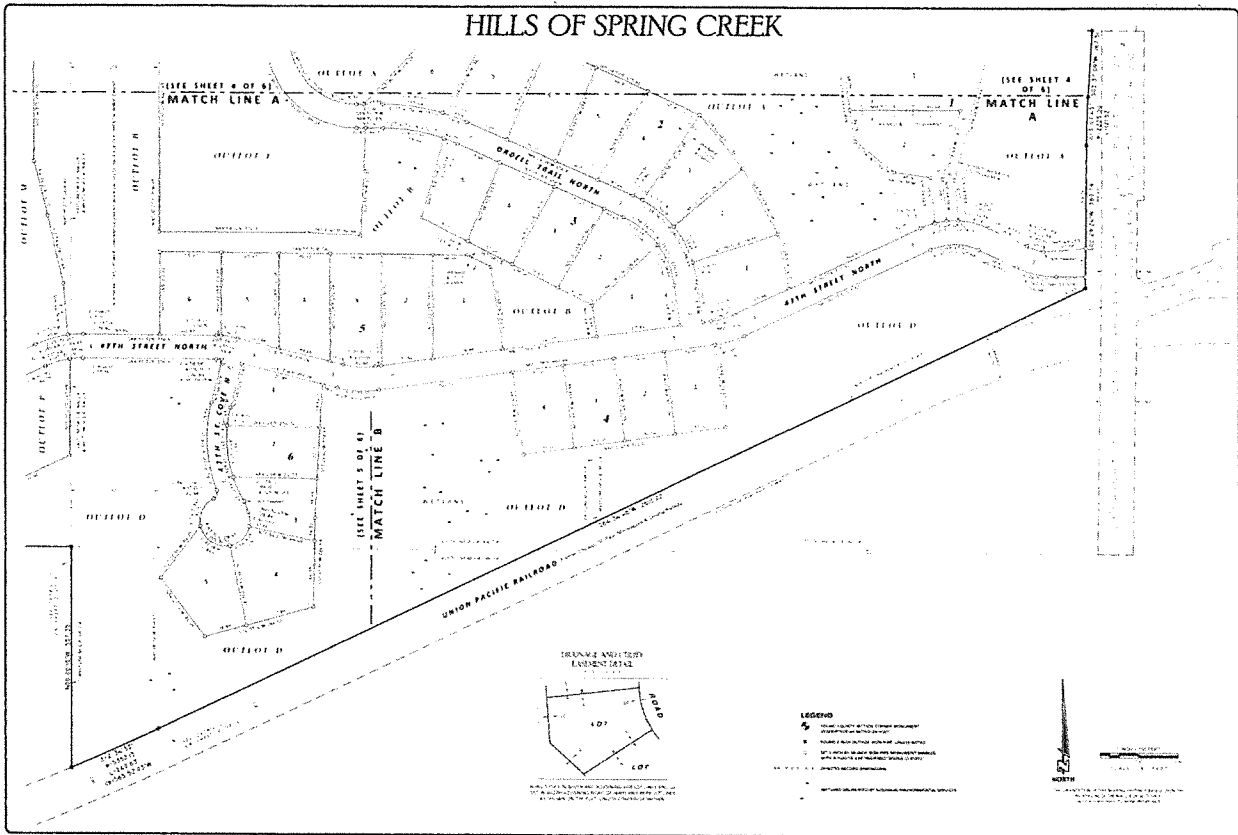


Notary Public, State of Wisconsin

My commission expires 10-23-2024

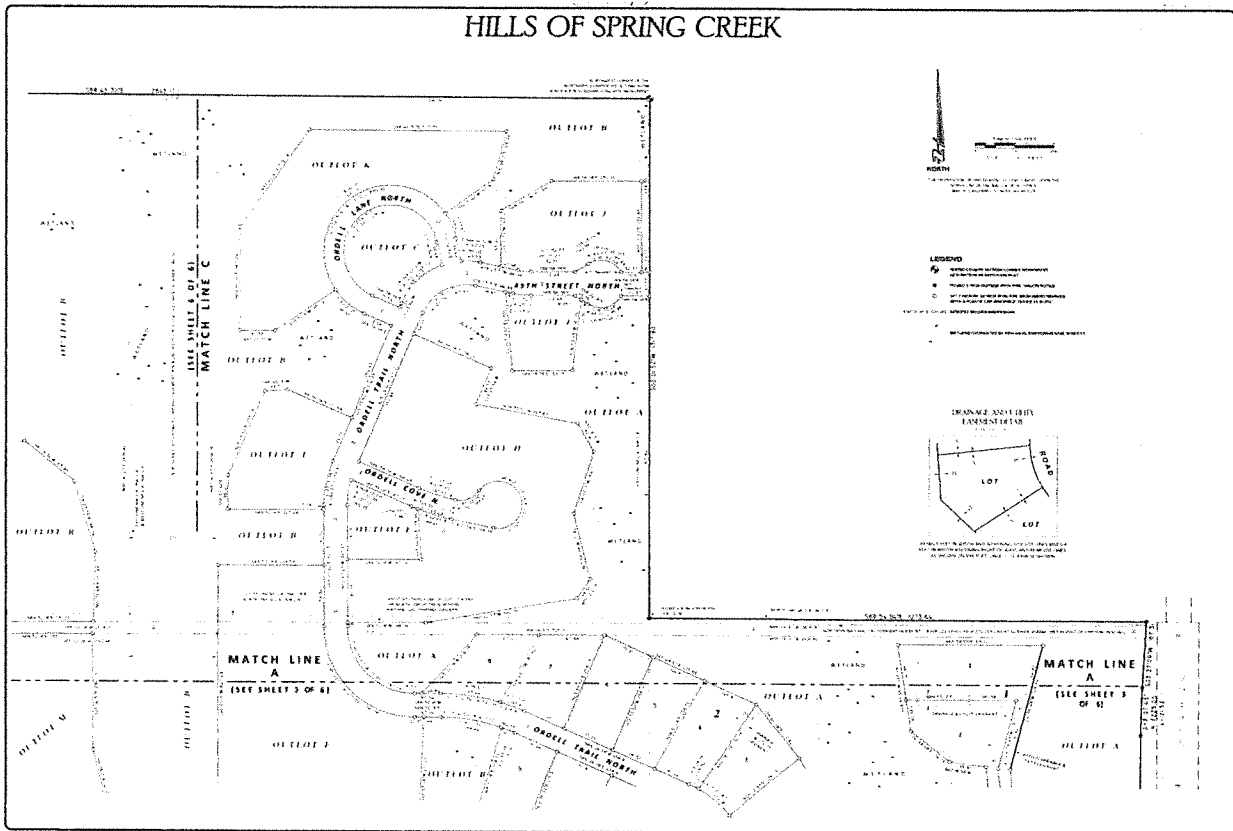
BERNADETTE L. L'ALLIER
Notary Public-State of Wisconsin

HILLS OF SPRING CREEK



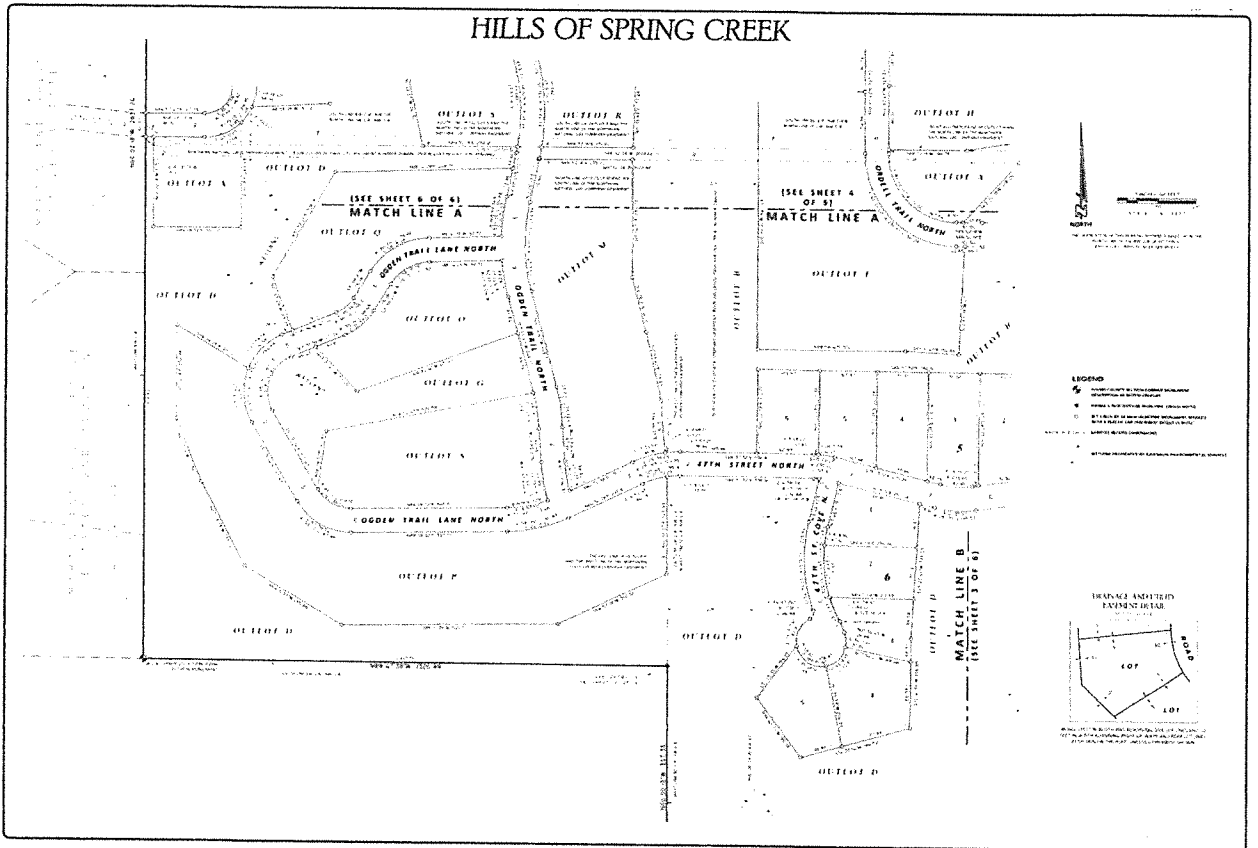
SHEET 3 OF 4

HILLS OF SPRING CREEK



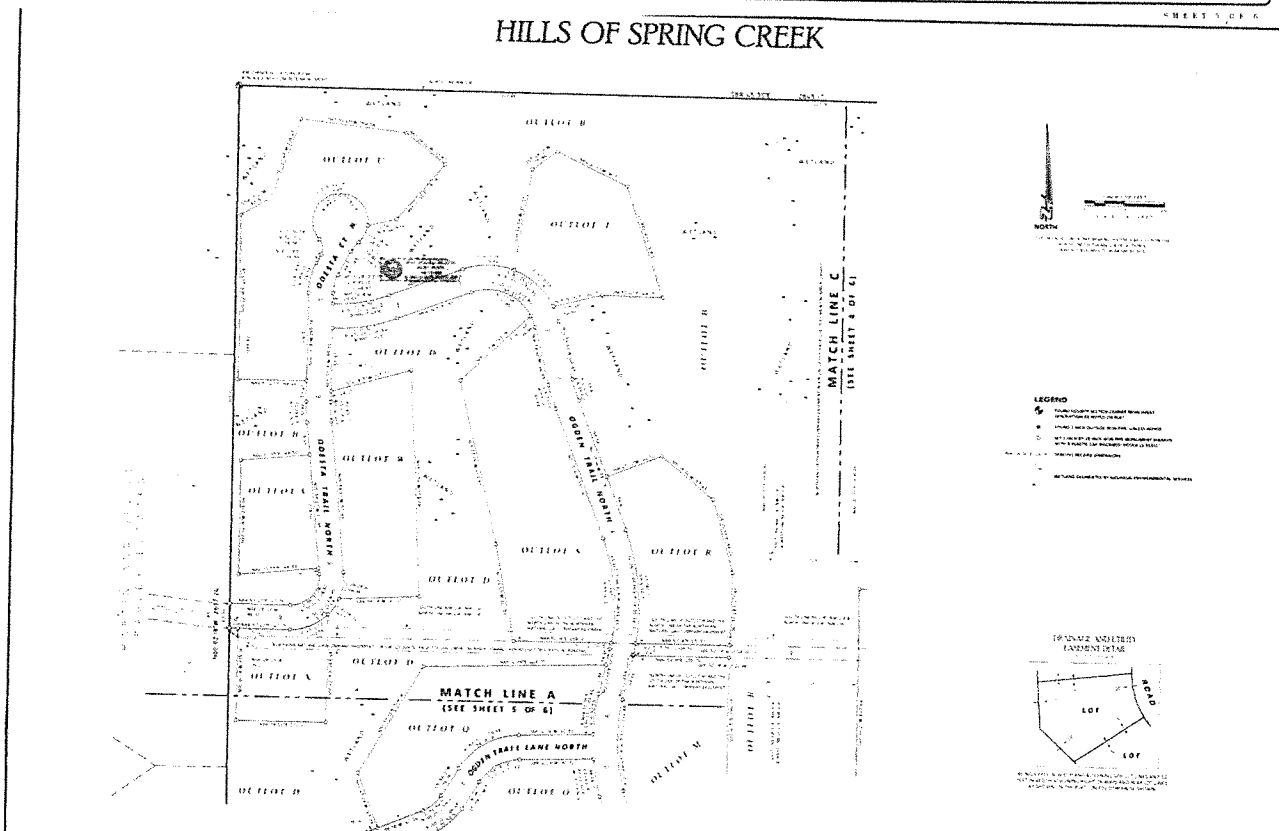
SHEET 4 OF 4

HILLS OF SPRING CREEK



SHEET 5 OF 6

HILLS OF SPRING CREEK



SHEET 6 OF 6

**EXHIBIT B
DECLARATION OF MINIMUM BASEMENT FLOOR
ELEVATIONS**

HILLS OF SPRING CREEK - PHASE ONE

This Declaration of Minimum Basement Floor Elevations (the "MBFE Declaration") is made on this 10th day of November, 2021, by Derrick Custom Homes, Inc., a Wisconsin corporation (the "Developer").

WHEREAS, Developer is the owner of certain real property located in the Township of Baytown, County of Washington, State of Minnesota, legally described in **Exhibit A** attached hereto (the "Phase Two Property").

WHEREAS, Developer desires to establish on the Property a planned residential community.

WHEREAS, Developer desires to establish minimum basement floor elevations, as required by Washington County, Minnesota, for each of the Lots within each phase (as those terms are defined herein).

THEREFORE, Developer subjects Phase One Property to this MBFE Declaration under the name "Hills of Spring Creek - Phase One," declaring that this MBFE Declaration shall constitute covenants, in addition to the foregoing Declaration, that run with the Phase One Property and that the Phase One Property shall be owned, used, occupied and conveyed subject to the covenants and restrictions 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.

The minimum basement floor elevations for each of the Lots the within Phase One Property areas is as follows:

Block	Lot	Elevation
1	1	886.8 MBFE
1	2	886.8 MBFE
2	1	886.8 MBFE
2	2	886.8 MBFE
2	3	886.8 MBFE
2	4	886.8 MBFE
2	5	892 MBFE
2	6	892 MBFE
2	7	892 MBFE
2	8	892 MBFE
3	1	904.5 LBOE
3	2	904.5 LBOE
3	3	904.5 LBOE
3	4	904.5 LBOE
3	5	915.2 MBFE
4	1	896 MBFE
4	2	896 MBFE
4	3	898.3 MBFE
4	4	898.3 MBFE
5	1	904.5 LBOE
5	2	904.5 LBOE
5	3	904.5 MBFE
5	4	904.5 MBFE
5	5	904.5MBFE
5	6	904.5 MBFE
6	1	898.3 MBFE
6	2	898.3 MBFE
6	3	898.3 MBFE
6	4	898.3 MBFE
6	5	898.3 MBFE

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

DEVELOPER/DECLARANT:

DERRICK CUSTOM HOMES, INC.

By: [Signature]
Name: Ronald L. Derrick
Title: President

STATE OF MN)
COUNTY OF Washington)ss.

The foregoing instrument was acknowledged before me this 10 day of NOV, 2021, by Ronald Derrick, the President of Derrick Custom Homes, Inc., a Wisconsin corporation, to me known to be the person who executed the same on behalf of the company.

[Signature]
Notary Public

