

Articles, By-Laws and Declaration of Covenants



The Highlands Of EDINBURGH SECOND

Attachment to Amendment of Articles of Incorporation

ARTICLE II

Location

The registered office of the Association is located at Hellmuth & Johnson, 9531 West 78th Street, Suite 300, Eden Prairie, MN 55344.

ARTICLE III

Registered Agent

The Association shall have no registered agent.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

JUN 24 1998

John Anderson Thore
Secretary of State

2-875

ARTICLES OF INCORPORATION
OF

Z

THE HIGHLANDS OF EDINBURGH SECOND ASSOCIATION

In compliance with the requirements of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Chapter 317, the undersigned, who is a resident of the State of Minnesota and who is of full age, has this day voluntarily associated himself for the purpose of forming a corporation not for profit and does hereby certify:

ARTICLE I.

Name

The name of the corporation is THE HIGHLANDS OF EDINBURGH SECOND ASSOCIATION, hereinafter called the "Association".

ARTICLE II.

Location

The registered office of the Association is located at 8525 Edinbrook Crossing, Brooklyn Park, Minnesota 55443.

ARTICLE III.

Registered Agent

Robert W. Schmidt, whose address is 8525 Edinbrook Crossing, Brooklyn Park, Minnesota 55443, is hereby appointed the initial registered agent of this Association.

ARTICLE IV.

Purpose and Powers of the Association

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation, and architectural control of the residence lots and common area within that certain tract of property described on Exhibit "A" attached hereto and incorporated herein and to promote the health, safety, and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

- (a) exercise all of the powers and privileges and to perform all of the duties and obligations of the

921174

Z

Association as set forth in that certain Declaration of Covenants, Conditions, and Restrictions, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the office of the County Recorder and/or Registrar of Titles of Hennepin County, Minnesota, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect, and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money and, with the assent of seventy-five percent (75%) of each class of members, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property, provided that any such merger, consolidation or annexation shall have the assent of seventy-five (75%) percent of each class of members;

(f) have and to exercise any and all powers, rights, and privileges which a corporation organized under the Nonprofit Corporation Law of the State of Minnesota by law may now or hereafter have or exercise.

ARTICLE V.

Membership

Every person or entity who is a record owner of a fee or undivided fee simple interest in any lot which is subject by covenants of record to assessment by the Association, (excluding contract sellers and including in place thereof their contract purchasers), shall be a member of the Association. The foregoing is intended to exclude persons or entities who hold an interest merely as a security for the performance of an obligation until

200 100

such time such person acquires a fee simple interest in such lot by foreclosure or by any proceeding in lieu thereof. Membership shall be appurtenant to and may not be separated from the ownership of any lot which is subject to assessment by the Association. Ownership of such lot shall be the sole qualification for membership.

ARTICLE VI.

Voting Rights

The Association shall not have nor shall it issue any capital stock and may only have two (2) classes of voting membership:

(a) Class A. Class A members shall be all those owners as defined in Section 1.1(i) of the Declaration, with the exception of the Declarant. Each Class A member shall be entitled to one (1) vote for each lot in which he holds the interest required for membership by Article V. When more than one person holds such interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they, among themselves, shall determine, but in no event shall more than one (1) vote be cast with respect to any lot.

(b) Class B. The Declarant shall be the sole Class B member and shall be entitled to three (3) votes for each lot owned. Class B membership shall cease and be converted to Class A membership upon the occurrence of the first of the following events:

(i) when the total number of votes outstanding in the Class A membership equals or exceeds the total number of votes outstanding in the Class B membership; or

(ii) on December 31, 1992.

The right of any member to vote and the right of any member, his family or guests to use any recreational facilities that may be acquired by the Association shall be suspended during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days for any infraction of any rules or regulations published by the Association.

ARTICLE VII.

Board of Directors

The affairs of this Association shall be managed by a Board of three (3) Directors, who need not be members of the Association

Ziti

until such time that there are ten (10) Class A memberships. At such time as there are ten (10) Class A memberships, a special meeting to elect one (1) director for a term of one (1) year, two (2) directors for a term of two (2) years, and two (2) directors for a term of three (3) years shall be held. At each annual meeting thereafter, the members shall elect a director or directors for the director or directors whose term is expiring. Cumulative voting shall not be allowed. The number of directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors at the first annual meeting, are:

Robert W. Schmidt
8525 Edinbrook Crossing
Brooklyn Park, MN 55443

Evelyn P. Schmidt
8525 Edinbrook Crossing
Brooklyn Park, MN 55443

Thomas P. LeRoux
8525 Edinbrook Crossing
Brooklyn Park, MN 55443

The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each lot for each annual assessment period at least thirty (30) days in advance of such date of commencement of such period, and shall at that time prepare a roll of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any owner. Written notice of every assessment shall thereafter be sent to each owner subject to such assessments. The Association shall, upon demand and upon the payment of a reasonable charge, furnish a written certificate signed by an officer of the Association setting forth whether or not assessments upon particular lots have been paid. Such certificate shall be conclusive evidence of payment of any assessments therein stated to have been paid.

VIII.

Dissolution

The Association may be dissolved with the assent given in writing and signed by not less than ninety percent (90%) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such asset shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust or other

Z 86 111

organization to be devoted to such similar purposes.

ARTICLE IX.

Duration

The corporation shall exist perpetually.

ARTICLE X.

Amendments

Amendment of these articles shall require the assent of seventy-five percent (75%) of the entire membership except that amendment to Article VIII may only be affected with the assent of ninety percent (90%) of each class of members.

ARTICLE XI.

FHA/VA Approval

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration in the event FHA/VA Subdivision Approval has been obtained for all or any part of the Property subject to the Declaration: Annexation of additional properties, mergers and consolidations, dissolution and amendment of these articles.

ARTICLE XII.

This corporation shall not afford pecuniary gain, incidentally or otherwise, to its members.

ARTICLE XIII.

The corporation shall have no capital stock.

ARTICLE XIV.

The extent of personal liability, if any, of members for corporate obligations and the methods of enforcement and collection are none.

ARTICLE XV.

The name and address of the incorporator of this corporation is as follows:

Robert W. Schmidt
8525 Edinbrook Crossing
Brooklyn Park, MN 55443

ZB

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Minnesota, I, the undersigned, the incorporator of this Association, have executed these Articles of Incorporation on this 1st day of May, 1986.


Robert W. Schmidt

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 1st day of May, 1986, by Robert W. Schmidt.

~~Notary~~ Public

THIS INSTRUMENT WAS DRAFTED BY:

Jensen & Weyland, P.A.
8525 Edinbrook Crossing
Brooklyn Park, MN 55443

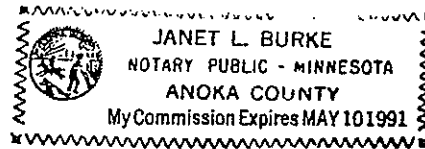
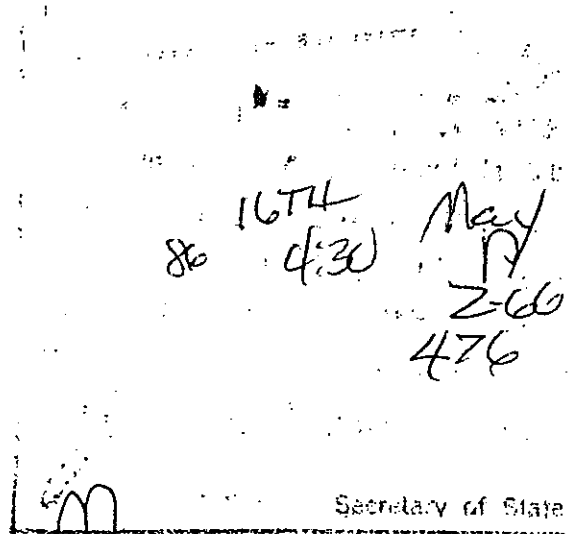
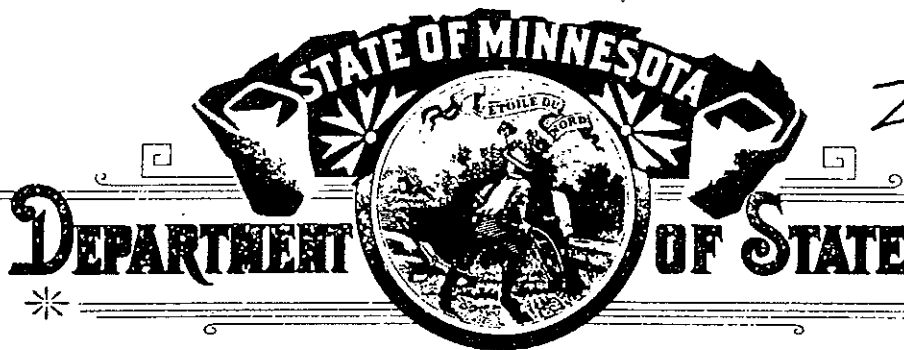


EXHIBIT "A".

Lot 1, 2, 3, 4 and 5 of The Highlands of Edinburgh Second,
Hennepin County, Minnesota.



No. Z 875



To All To Whom These Presents Shall Come, Greeting:

Whereas, Articles of Incorporation, duly signed and acknowledged under oath, have been recorded in the office of the Secretary of State, on the _____ 16th day of May _____, A. D. 19____⁸⁶ for the incorporation of

THE HIGHLANDS OF EDINBURGH SECOND ASSOCIATION

under and in accordance with the provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Chapter 317;

Now, Therefore, by virtue of the powers and duties vested in me by law, as Secretary of State of the State of Minnesota, I do hereby certify that the said

THE HIGHLANDS OF EDINBURGH SECOND ASSOCIATION

is a legally organized Corporation under the laws of this State.

Witness my official signature hereunto subscribed and the Great Seal of the State of Minnesota hereunto affixed this _____ sixteenth _____ day of _____ May _____ in the year of our Lord one thousand nine hundred and _____ eighty-six _____

Joan Anderson Browne
Secretary of State.



BY-LAWS
OF
THE HIGHLANDS OF EDINBURGH SECOND ASSOCIATION

ARTICLE I.

Name and Location

The name of the corporation is The Highlands of Edinburgh Second Association, hereinafter referred to as the "Association". The principal office of the corporation shall be located at 8525 Edinbrook Crossing, Brooklyn Park, Minnesota 55443, but meetings of members and directors may be held at such places within the State of Minnesota, County of Hennepin as may be designated by the Board of Directors.

ARTICLE II.

Definitions

Section 1. "Association" shall mean and refer to The Highlands of Edinburgh Second Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions, and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties.

Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, (excluding contract sellers and including in place thereof their contract purchasers), and excluding those having such interest merely as security for the performance of an obligation.

Section 5. "Declarant" shall mean and refer to Gracelyn Development, a general partnership under the laws of the State of Minnesota, its successors and assigns, if such successor or assign should acquire more than one undeveloped Lot from the Declarant for the purpose of development. Notwithstanding the foregoing, no individual or entity acquiring an

undeveloped lot from the named Developer shall become a "Developer" solely by such acquisition, but only as a result of a specific assignment of Developer and or Declarant rights which assignment shall not be effective unless incorporated in the instrument of conveyance.

Section 6. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties recorded in the Office of the County Recorder and/or Registrar of Titles, Hennepin County, Minnesota.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 8. "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners.

ARTICLE III.

Meeting of Members

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than 5 or more than 30 days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of special

meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast or of proxies entitled to cast one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV.

Board of Directors; Selection; Term of Office

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) Directors, who need not be members of the Association until such time that there are ten (10) Class A memberships, at which time a special meeting will be held and a Board of five (5) Directors shall be elected according to the procedure outlined in Section 2 of this article.

Section 2. Term of Office. At such time as there are ten (10) Class A memberships, a special meeting of the Members shall be called, and said Members shall elect one (1) director of for a term of one (1) year, two (2) directors for a term of two (2) years, and two (2) directors for a term of three (3) years; and at each annual meeting thereafter, the Members shall elect a director or directors for the director or directors whose term is expiring.

Section 3. Removal. Any director may be removed from the board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive

compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of this duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V.

Nomination and Election of Directors

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI.

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by a resolution of the board. Should said meeting fall upon a legal holiday, then that meeting

shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two (2) directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board.

ARTICLE VII.

Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the Common Area and facilities, if any, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

(c) exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive meetings of the Board of Directors; and

(e) employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(i) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(ii) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(iii) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded as it may deem appropriate;

(g) cause the Common Area to be maintained; and

(h) cause the Special Common Areas to be maintained; and

(i) cause the performance of maintenance and enforcement as provided in the Declaration of Covenants, Conditions, and Restrictions.

(j) act as an Architectural Control Committee or appoint an Architectural Control Committee pursuant to the provisions of Article VI of the Declaration of Covenants, Conditions, and Restrictions.

ARTICLE VIII.

Officers and Their Duties

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the board may from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the board. Any officer may resign at any time, giving written notice to the board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be

filled by appointment by the board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The president shall be the Chief Executive Officer and shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and may co-sign or sign all checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act; and shall exercise and discharge such other duties as may be required of him by the board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the board and of the Members; serve notice of meetings of the board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the board.

(d) Treasurer. The treasurer shall be the Chief Financial Officer and shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX.

Committees

The Board of Directors shall appoint an architectural control committee, as provided in the Declaration, and a nominating committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X.

Books and Records

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable costs.

ARTICLE XI.

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Property against which the assessment is made. If the assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII.

Corporate Seal

The Association shall have no corporate seal.

ARTICLE XIII.

Amendments

Section 1. these By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by

proxy, except that if FHA and/or VA Subdivision Approval has been obtained for any of the property subject to the Declaration, the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the articles shall control; in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control; and in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

ARTICLE XIV.

Additional Associations

Any group of owners who are members of this Association shall have the right to establish a homeowners association or corporation provided that the establishment of such an association shall in no way be derogatory of any rights or obligations established by and through the Declaration heretofor and hereafter recorded and provided further:

(a) the property owned by said owners is contiguous or has a specific common interest or purpose and encompasses at least ten (10) lots or living units;

(b) the association or corporation includes within its boundaries all of the lots or living units owned by its members.

The owners of the lots, living units or sites included within the boundaries of said association or corporation shall continue to be members of this Association and the establishment of such an association or corporation shall not relieve, remove or reduce in any manner whatsoever the obligations of its members to this Association and any such association or corporation shall be subject to and subordinate to this Association in all respects. Such an association or corporation shall not have the power or right to exclude any of the members of this Association who are not also members of such association or corporation from, or in any manner interfere with their possession or enjoyment of, the common areas. The establishment of any said association shall not in any manner contravene the rights of the members as expressed in the Declarations.

ARTICLE XV.

Non-Discrimination

The Association shall comply with all requirements imposed by any applicable statute relating to the properties or executive order prohibiting discrimination on the basis of race, color, sex, religion or national origin and concerning equal opportunity and employment or use, sale, lease or other disposition of properties, or any housing or other facilities now or hereafter located thereon.

ARTICLE XVI.

Additional Developer Right

The Developer shall have the right to prohibit, stop or remedy any action to be, being or taken by the Association, as the case may be, if such action is or may be in violation of or has or may have a detrimental affect on Developer because of Developer's covenants and agreement under Development and Project Agreements with the City of Brooklyn Park or Conditional Use Permit No. 1984-3292 issued by the City of Brooklyn Park or as the same may be amended or modified by the City of Brooklyn Park. The jurisdiction of the Association shall be subject to any and all agreements between the Developer and the City of Brooklyn Park covering the property subject to the Declaration or any part thereof whether such agreement or agreements are before or after the date of filing Articles of Incorporation for the Association. Provided, however, the Developer shall exercise the rights provided for above only if the Association shall fail to remedy an action which is or may be a violation of such agreements after notice from the Developer so to do. The Association shall comply with the terms of the above-described agreements and shall have the primary obligation theefore as to the common areas. These rights shall only be exercised by the Developer to the extent consistent with the said agreements and as long as Developer holds class B or class A membership in the Association.

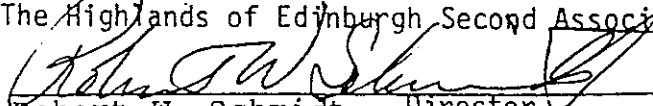
ARTICLE XVII.

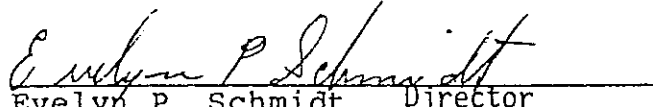
Miscellaneous

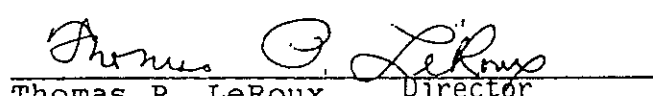
The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of The Highlands of Edinburgh Second Association, have set our hands this 30 day of May, 1986.

The Highlands of Edinburgh Second Association


Robert W. Schmidt Director

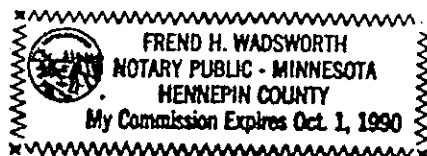

Evelyn P. Schmidt Director



Thomas P. LeRoux Director

STATE OF MINNESOTA

COUNTY OF HENNEPIN

The foregoing instrument was acknowledged before me this 30th day of May, 1986 by Robert W. Schmidt, Evelyn P. Schmidt, and Thomas P. Leroux all being directors of The Highlands of Edinburgh Second Association.




NOTARY PUBLIC

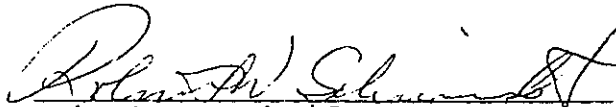
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of The Highlands of Edinburgh Second Association, a Minnesota corporation; and

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the ____ day of May, 1986.

IN WITNESS WHEREOF, I have hereunto subscribed my name this ____ day of May, 1986.


Robert W. Schmidt

THIS INSTRUMENT WAS DRAFTED BY:

Jensen & Weyland, P.A.
8525 Edinbrook Crossing
Brooklyn Park, MN 55443



1986 JUN -4 PM 12: 51

ASSOCIATE 5115293
R. D. Carlson CO. RECORDER

DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS

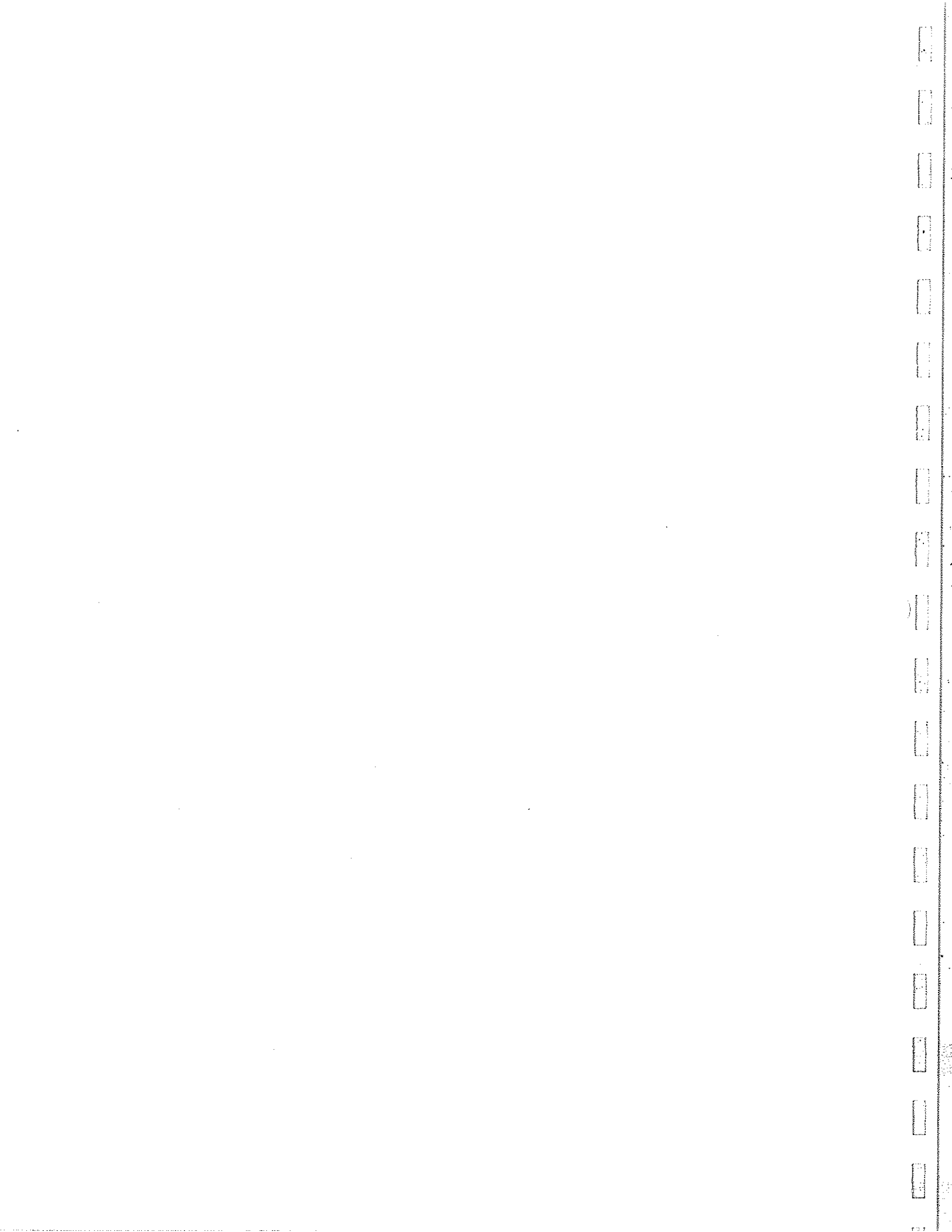
THIS DECLARATION, made on this 4 day of June, 1986,
by Gracelyn Development, a Minnesota general partnership,
organized and existing under the laws of the State of Minnesota
(hereinafter referred to as the "Declarant");

WITNESSETH:

WHEREAS, Gracelyn Development is the owner of the real
property described on Exhibit "A" attached hereto and by this
reference incorporated herein for all purposes, and desires to
create thereon a residential community for the pleasure,
recreation, and general benefit of the residents of said
community; and

WHEREAS, Declarant is desirous of establishing certain
minimum standards for the development of a residential
development or developments located in the City of Brooklyn Park,
County of Hennepin, State of Minnesota, described on Exhibit "A"
attached hereto and made a part hereof, to insure proper use and
appropriate development and improvement of each residential site
therein contained as to:

- (a) Protect the Owners of Lots against such improper use of
such surrounding buildings and Lots as will depreciate the
value of their property.
- (b) Guard against the erection thereon of structures
constructed of improper or unsuitable materials.
- (c) Insure adequate and reasonable development of said
Property.
- (d) Encourage the erection of attractive improvements
appropriately located to prevent inharmonious appearance and
function.
- (e) Provide adequate setbacks, off-street parking; and,
- (f) In general to benefit and burden the Lots for the
purpose of facilitating the development and maintaining the
desired tone of the community and thereby securing to the
Owner of each Lot the full benefit and enjoyment thereof
with no greater restriction on the free and undisturbed use
of the Lots than is necessary to ensure the same advantages
to the other Lots which are subject to the terms of this



Declaration. (Letters (a), (b), (c), (d), (e) and (f) above are sometimes hereinafter collectively called the "Criteria for Standards".)

WHEREAS, Declarant desires to provide for the preservation of the values and amenities in said community and to this end desires to subject the real property described on Exhibit "A" together with such additions as may hereafter be made thereto, as provided in Article II, to the covenants, restrictions, easements, charges, and liens hereinafter set forth, each and all of which is and are for the benefit of said Property and each Owner thereof; and

WHEREAS, Declarant has deemed it desirable for the pleasure and recreation of said community and for the efficient preservation of the values and amenities in said community to create an agency to receive the power to attend to and effectuate policies and programs that will enhance the pleasure and value of said community, and maintain, administer, and enforce the covenants and restrictions and collect and disburse the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated, under the laws of the State of Minnesota, The Highlands of Edinburgh Second Association for the purpose of exercising the functions as aforesaid;

NOW, THEREFORE, in consideration of the premises, the Declarant hereby declares that the real property described on Exhibit "A" and such additions thereto as may hereafter be made pursuant to Article II hereof is, and shall be held, transferred, sold, conveyed, and occupied subject to the conditions, restrictions, easements, charges, and liens hereinafter set forth, which covenants, restrictions and easements shall run with the real property described on Exhibit "A" and any additional property annexed thereto pursuant to the provisions set forth in Article II, and be binding on all parties having any right, title or interest in the hereinafter described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I.

Definitions

1.1 Definitions. The following words, when used in this Declaration, shall have the following meanings:

- (a) "Association" shall mean and refer to The Highlands of Edinburgh Second Association, a

nonprofit corporation organized and existing under the laws of the State of Minnesota, its successors and assigns.

(b) "Common Area" shall mean and refer to all real property owned by the Association for the common use of the Owners. At the present time, there is no Common Area in the property described on Exhibit "A".

(c) "Declarant" shall mean and refer to Gracelyn Development, a general partnership under the laws of the State of Minnesota, its successors and assigns, if such successor or assign shall acquire more than one undeveloped Lot from the Declarant for the purpose of development. Notwithstanding the foregoing, no individual or entity acquiring an undeveloped Lot from the named Developer shall become a "Developer" solely by such acquisition, but only as a result of a specific assignment of Developer and/or Declarant rights which assignment shall not be effective unless incorporated in the instrument of conveyance.

(d) "Developer" shall mean and refer to the Declarant.

(e) "Living Unit" shall mean and refer to a residential housing unit consisting of a group of rooms and hallways and attached garage which are designed and intended for use as living quarters for one family and located or to be located upon one Lot.

(f) "Lot" shall mean and refer to any tract or parcel of land designated as a Lot shown upon any recorded plat or subdivision map of the Property with the exception of any tracts or parcels designated as Outlots.

(g) "Member" shall mean and refer to every person or entity who is a record Owner of a fee or undivided fee simple interest in any Lot which is subject by covenants of record to assessment by the Association, (excluding contract sellers and including in place thereof their contract purchasers).

(h) "Mortgage" shall mean and refer to any mortgage or other security instrument by which a Lot, or any part thereof, or any structure thereon, is encumbered.

(i) "Mortgagee" shall mean any person or entity named as the mortgagee under any Mortgage, or any

successor assigns to the interest of such person or entity under a Mortgage.

(j) "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot, (excluding however, contract sellers and including in place thereof their contract purchasers) and excluding any person having such interest merely as security for the performance of an obligation.

(k) "Permit" shall mean the Conditional Use Permit No. 1984-3292 approved by the City Council of the City of Brooklyn Park, on the 8th day of April, 1985 as amended June 12, 1985 authorizing and imposing restrictions and requirements for development of the Property as a planned community development as the same may be amended or modified by the City of Brooklyn Park.

(l) "Private Driveway" shall mean and refer to access driveways from public streets to the Living Unit.

(m) "Private Yard Area" shall mean and refer to that portion of a Lot not covered by a Living Unit or by a Private Driveway.

(n) "Property" shall mean and refer to all the real property subject to this Declaration, all of which is more fully described on Exhibit "A" attached hereto and by this reference incorporated herein for all purposes, and all additional real property made subject to this Declaration in accordance with the provisions of Article II.

(o) "Special Common Areas" shall mean all real property in which Developer shall have reserved or shall have granted or charged the Association with certain exclusive and/or nonexclusive easements, rights, or obligations all as more fully specified and are described on Exhibit "B" attached hereto and by this reference incorporated herein for all purposes.

ARTICLE II.

Additional Property Subject to this Declaration

2.1 Additions to Existing Property. Additional real property may become subject to this Declaration in the following manner:

(a) Additions in Accordance with General Plan of Development. The Developer, its successors and assigns, shall have the right, without the consent of the Members, to bring within the scheme of this Declaration the additional real property described on Exhibit "C" attached hereto and by this reference incorporated herein for all purposes, in future stages of development by December 31, 1992; provided, however, that if FHA/VA Subdivision Approval has been obtained for any of the Property, the Federal Housing Administration and the Veterans Administration shall have the right to veto any such future additions in the event that either of such agencies determines that any such future addition is not in accordance with the general plan of development heretofore or hereafter approved by each of them. Any Common Area on additional real property described on Exhibit "C" shall be deeded to the Association prior to the conveyance of the first Lot to an Owner.

(b) Additions Authorized by Members. Additional residential property may become subject to this Declaration upon approval of two-thirds (2/3) of the Members of each class of Association Members.

2.2 Manner of Annexation. Additions authorized under this article shall be made by filing a Supplementary Declaration of Covenants, Conditions, and Restrictions with respect to the additional property, and after such filing, such additional property shall be subject to the covenants and restrictions of this Declaration. Such Supplementary Declaration shall contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and shall not be inconsistent with the scheme of this Declaration. In no event, however, shall such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration within the existing Property.

ARTICLE III.

Membership and Voting Rights in the Association

3.1 Membership. Every person or entity who is an Owner of a fee or undivided fee simple interest in any Lot which is subject by covenants of record to assessment by the Association, (excluding contract sellers and including in place thereof their contract purchasers), shall be a Member of the Association. The foregoing is intended to exclude persons or entities who hold an interest

merely as a security for the performance of an obligation until such time such person acquires a fee simple interest in such Lot by foreclosure or by any proceeding in lieu thereof. Membership shall be appurtenant to and may not be separated from the ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

3.2 Voting Rights. The Association shall not have nor shall it issue any capital stock and may only have two (2) classes of voting membership:

(a) Class A. Class A members shall be all those Owners as defined in Section 1.1(j), with the exception of the Declarant. Each Class A member shall be entitled to one (1) vote for each Lot in which he holds the interest required for membership by Section 3.1. When more than one person holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they, among themselves, shall determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Declarant shall be the sole Class B member and shall be entitled to three (3) votes for each Lot owned. Class B membership shall cease and be converted to Class A membership upon the occurrence of the first of the following events:

(i) when the total number of votes outstanding in the Class A membership equals or exceeds the total number of votes outstanding in the Class B membership; or

(ii) on December 31, 1992.

3.3 Suspension of Voting Rights. The right of any Member to vote shall be suspended during any period in which such Member shall be delinquent in the payment of any assessment levied by the Association. Such rights may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days for any infraction of any rules or regulations published by the Association.

ARTICLE IV.

Covenants for Maintenance Assessments

4.1 Creation of Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a

conveyance therefor, whether or not it shall be so expressed in the deed or other conveyance, shall be and hereby is deemed to covenant and agree to pay the Association:

(a) general annual assessments or charges; and

(b) special assessments for capital improvements, such assessments to be established and collected from time to time as hereinafter provided; and

The general annual and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on each such Lot and shall be a continuing lien on each such Lot against which each such assessment is made. Each such assessment, together with interest thereon and all costs of collection thereof as hereinafter provided, shall also be the personal obligation of each person who was the Owner of each such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them. All such assessments shall be fixed, established, and collected from time to time in the manner provided in this article.

4.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purposes of promoting the pleasure, health, safety, and welfare of the Owners of the Property and, in particular, for the maintenance of the Property, services and facilities devoted to this purpose and related to the use and enjoyment of improvements erected upon each Lot.

4.3 Maximum Annual Assessments. The amount of the maximum annual assessments shall be determined by the Board of Directors as hereinafter provided, but subject, however, to the following restrictions:

(a) Until January 1 of the year immediately following the conveyance of the first Lot by the Developer to an Owner, the maximum annual general assessment shall be \$96.00 per Lot.

(b) From and after January 1 of the year immediately following the year of the conveyance of the first Lot by the Developer to an Owner, the annual general assessment may not be increased each year more than 5% above the annual general assessment for the previous year without a vote of the membership.

(c) The annual general assessment may be increased above such 5% amount by vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy at a meeting called for such purpose.

(d) The Board of Directors of the Association may, after consideration of the current assessment costs and future needs of the Association, fix the actual assessment for any year at any lesser amount.

4.4 Special Assessments for Capital Improvements. In addition to the general annual assessments authorized by Section 4.3, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement; provided, however, that any such assessment shall require the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

4.5 Notice of Meetings. Written notice of any meeting called for the purpose of taking any action authorized under Section 4.3 or 4.4 shall be sent to all Members, and to any Mortgagee who shall request such notice in writing, no less than thirty (30) days nor more than sixty (60) days in advance of such meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held later than sixty (60) days following the preceding meeting.

4.6 Uniform Rate of Assessment. General annual and special assessments must be fixed at a uniform rate for all Lots owned by persons, firms or corporations other than Declarant except as specifically provided in paragraph 4.7.

4.7 Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of a Lot to an Owner, provided, however, that until a building permit is issued, a Lot shall be assessed at an amount equal to one-fourth (1/4) of the annual rate of assessment. If additional residential property shall be annexed to the properties in accordance with Article II hereof, annual assessments payable

with respect to such annexed Lots shall commence on the first (1st) day of the month following the conveyance of an annexed Lot to an Owner, provided, however, that annexed Lots for which a building permit has not been issued shall be assessed an amount equal to one-fourth (1/4) of the annual rate of assessment.

4.8 Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Lot for each annual assessment period at least thirty (30) days in advance of such date of commencement of such period, and shall at that time prepare a roll of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of every assessment shall thereafter be sent to each Owner subject to such assessments. The Association shall, upon demand and upon the payment of a reasonable charge, furnish a written certificate signed by an officer of the Association setting forth whether or not assessments upon particular Lots have been paid. Such certificate shall be conclusive evidence of payment of any assessments therein stated to have been paid.

4.9 Effect of Nonpayment of Assessment; the Personal Obligation of the Owner; the Lien; Remedies of Association.

(a) If any assessment is not paid on the date when due, then such assessment shall become delinquent and shall, together with such interest thereon and costs of collection thereof as hereinafter provided, thereupon become a continuing lien on such Lot or Lots, which shall bind such Lot or Lots in the hands of the then Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them. Such lien shall run in favor of the Association and shall be superior to all other liens and encumbrances on such Lot except for the following:

(i) liens for general real estate taxes and special assessments levied by any governmental authority; and

(ii) the lien of any first Mortgage as provided in Section 4.10 hereof.

(b) All other lienors acquiring liens on any Lot after

this Declaration shall have been recorded and whose liens shall also have been recorded shall be deemed to consent that their liens shall be and remain inferior to future liens provided for herein, whether or not such consent has been expressed in the instruments creating their liens.

(c) To evidence a lien for sums assessed pursuant to this article, the Association shall prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Lot, and a description of the Lot and file or record the same, but such notice of lien shall not be recorded until such assessment has been wholly or partially unpaid for at least thirty (30) days from the due date. Such lien may be enforced and foreclosed by the Association, either by action or advertisement in the same manner in which mortgages on real property may be foreclosed in Minnesota or alternatively in the manner prescribed by Minnesota Statutes for the foreclosure of a mechanic's lien. Each Owner, by acceptance of a deed for any Lot, does further hereby give full and complete power of sale to the Association and does consent to a foreclosure of the assessment lien by advertisement. In the event that the Association shall prevail in any such foreclosure, the person personally obligated to pay the same shall be required to pay all costs of foreclosure, including but not limited to reasonable attorneys' fees. All such costs and expenses and any assessments against the Lot which shall become due during the period of foreclosure and redemption shall be added to and become a part of the amount secured by said lien. The Association shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use, and otherwise deal with the Lot as the Owner thereof. A release of the notice of lien shall be executed by an officer of the Association and recorded upon payment of all sums secured by such lien.

(d) Any encumbrancer holding a lien on any Lot may pay, but shall not be required to pay, any amounts secured by the lien created and authorized by this section, and upon payment of such sums, such encumbrancer shall be subrogated to and shall be entitled to an assignment of all rights of the Association with respect to such lien, including but not limited to priority as to any other lien or

interest in such Lot, except the right of first mortgagees as provided in Paragraph 4.10.

(e) The Association shall, upon written request, report to any first Mortgagee or other encumbrancer of a Lot the amount of the assessments remaining unpaid for a period longer than thirty (30) days after the same shall become due.

(f) Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at the rate of eight percent (8%) per annum. No Owner may waive or otherwise escape personal liability for the assessments provided for herein by abandonment of his Lot. A suit to recover a money judgment for such expenses, with costs of collection and interest as provided for herein, shall be maintainable by the Association without foreclosing or waiving the lien securing the same.

4.10 Subordination of Lien to First Mortgages. The lien of assessments provided for herein shall be subordinate to the lien of any first Mortgage, and the sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to the foreclosure of a first Mortgage, or pursuant to any other proceeding or arrangement in lieu of such foreclosure, shall extinguish the lien of such assessments as to installments which became due prior to the effective date of such sale, transfer or acquisition by the Mortgagee to the end that no assessment liability shall accrue to an acquiring Mortgagee except with respect to installments of assessments becoming due after possession has passed to such acquiring Mortgagee, whether such possession has passed at the termination of any period of redemption or otherwise, and in the event of the extinguishment of such assessment lien as aforesaid, the entire amount of such unpaid assessment shall be reallocated and assessed against, and payable by the Owners of all other Lots exclusive of such mortgaged Lot. No such sale, transfer or acquisition of possession shall relieve an Owner or a Lot from liability for any assessments thereafter becoming due or from the lien thereof, or shall relieve the person personally obligated to pay the assessments which were levied prior to the transfer of such property from the personal obligation to pay the same.

ARTICLE V.

Easements

5.1 Easements. In addition to the easements, covenants,

restrictions, and conditions concerning architectural and exterior controls, all Lots shall be subject to easements and covenants hereinafter specifically described for the benefit of the Property or for the limited benefit of specified adjoining Lots, all as more fully set forth hereinafter in this article.

5.2 Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, which shall include, without limiting the generality thereof the following:

- (a) light;
- (b) air;
- (c) view;
- (d) recreation;
- (e) pedestrian ingress and egress;
- (f) vehicular ingress and egress (excluding snowmobiles) upon any roadways established on Common Areas;
- (g) surface drainage conduit;
- (h) electrical conduit;
- (i) telephone cable;
- (j) water and sewer lines;
- (k) television cable; and
- (l) gas lines and other utilities in locations designated by Declarant.

The foregoing rights shall, however, be subject to the following provisions:

- (a) the right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving and maintaining the Common Area and, in aid thereof, to mortgage said properties, and the rights of such Mortgagees in said properties shall be subordinate to the rights of the Owners hereunder; and
- (b) the right of the Association to take such steps as

are reasonably necessary to protect the Common Area against foreclosure; and

(c) the right of the Association to suspend the voting rights and right to use of any recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid and for a period not to exceed sixty (60) days for each infraction of its published rules; and

(d) the right of the Association, subject to the assents required by Article X hereof, to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members.

5.3 Underground Utility Easements. Each Lot over which a public utility easement has been dedicated, as shown on the recorded plat of the property, shall be subject to a right and easement for underground general utility purposes over that portion of such Lot which is burdened with such dedicated public utility easements. Such utility purposes shall include, but not be limited to, sewer, water, electrical, cable television, and telephone purposes, including the right to build, construct, reconstruct, rebuild, repair, maintain, and operate underground sewer, water, electrical mains, and telephone cables, and any surface connections to such underground mains, along with the right to enter upon and open the ground for such purposes, providing that all such openings shall be filled and the surface restored to its former condition. All such utility easements shall jointly run in favor of and inure to the benefit of the Owners of the Lots, and any and all public authorities or utility companies maintaining or operating any utility facility upon such easement area.

5.4 Nonexclusive Easements Over Special Common Areas. The City of Brooklyn Park and Developer have agreed that certain buffers and berms will be required throughout the Property for its appropriate development. In furtherance of this necessity, the Developer may reserve for the purpose of granting and assigning to the Association a nonexclusive easement including its rights and obligations in and to the Special Common Areas. If granted and assigned to the Association, the Association will perform and fulfill all obligations in connection with the Special Common

Areas.

ARTICLE VI.

Approval By Architectural Control Committee Prior to Construction

6.1 Purpose and Authority. In order to maintain the Criteria for Standards, to prevent the impairment of the attractiveness of the individual Lots and to maintain the desired tone of the residential community, and thereby secure to each Owner the full benefit and enjoyment of his Lot with no greater restriction on the free and undisturbed use of a Lot than is necessary to ensure the same advantages for the other Owners, an Architectural Control Committee is hereby established.

6.2 Membership. The Architectural Control Committee (hereinafter referred to as "Committee") shall be composed of the Board of Directors of the Association or three (3) or more representatives appointed by the Board of Directors. In the event of a death or resignation of any member of the Committee, the remaining members shall have full authority to designate a successor. The members of the Committee or its designated representatives shall be entitled to reasonable compensation for services performed pursuant to Article VI.

6.3 Procedure. Before commencing any permanent improvement on or to any of the described Lots including landscaping, the construction or external alteration of any building, enclosure, fence, or any other structure, the Owner shall first submit a site plan and plans and specifications, including as applicable, in the sole discretion of the Committee, architectural, engineering and landscape plans for the written approval of the Architectural Control Committee. The Committee shall be entitled to charge, and the person or persons submitting the plans shall pay a fee of One Hundred and No/100 Dollars (\$100.00) for each set of plans submitted for the review thereof. Said fee shall be paid at the time the plans are submitted for approval and will not be refunded whether or not the plans are ultimately approved. Fees collected shall be payable to the Association.

The Committee's approval or disapproval shall be in writing. In the event the Committee or its designated

representative fails to approve or disapprove within thirty (30) days after plans and specifications have been submitted to it, or within said 30-day period submit the issue to arbitration as hereinafter provided, approval will not be required.

The Architectural Control Committee shall take into consideration the planned location of the proposed improvement, its conformity and harmony of external design with existing or planned improvements in Blocks 1, 2 and 3, The Highlands of Edinburgh Second, Hennepin County, Minnesota and the real property described on Exhibit "C", and the location of the improvement with respect to topography and finished ground elevation. Conformity by the Owner with such requirements as may be imposed by the City of Brooklyn Park in connection with the issuance of a building permit for the Lot shall not create a presumption that such planned improvement is compatible and in harmony with the existing or planned development of other Lots. Conformity by the Owner with such requirements as may be imposed by the Architectural Control Committee in connection with the issuance of Committee approval shall not create a presumption that such planned improvement is in accordance with such requirements as may be imposed by the City of Brooklyn Park in connection with the issuance of a building permit upon the Lot. In the event the approval of the Committee is not obtained within the 30-day period and a dispute exists between an Owner and the Committee in regard to a proposed improvement requiring Committee approval, the matter shall be determined by arbitration in the following manner:

i. Either party may, by written notice on the other within the 30-day period required for approval or disapproval of plans and specifications, appoint an arbitrator, which appointment shall be noted in writing to the other party. The other party shall, by written notice within 5 days after receipt of such notice by the first party, appoint a second arbitrator, and in default of such second appointment, the first arbitrator appointed shall be the sole arbitrator.

ii. When two arbitrators shall have been appointed as hereinabove provided, they shall, if possible, agree on a third arbitrator and shall appoint him by written notice, signed by both of them, with a copy mailed to each party herein within 5 days after such appointment.

iii. In the event 5 days shall elapse after the appointment of the second arbitrator without notice of appointment of a third arbitrator as hereinabove provided, then either party or both may, in writing, within 10 days after the original appointments, request the Chief Judge of the District Court of the County of Hennepin, State of Minnesota, to appoint the third arbitrator.

iv. On appointment of 3 arbitrators as hereinabove provided, such arbitrators shall hold an arbitration hearing, at such place as they may designate and within 30 days after such appointments. At the hearing, the rules of evidence of the State of Minnesota shall apply and the 3 arbitrators shall allow each party to present its case, evidence, and witnesses, if any, in the presence of the other party, and shall render their decision, including a provision for payment of costs and expenses of arbitration to be paid by one or both of the parties hereto as the arbitrators deem just. Any costs and expenses charged to the Committee shall be paid by the Association.

v. The decision of the majority of the arbitrators shall be binding on the parties hereto.

ARTICLE VII.

Restrictions Applicable to Lots

7.1 No Lot shall be used except for residential purposes; no Living Unit shall be erected, altered, placed or permitted to remain on any Lot other than one single family dwelling, not to exceed two (2) stories in height, and an attached garage for for at least two (2) cars and on-site parking spaces to accommodate at least two (2) cars. No garages shall be erected on any site except attached garages and no attached garage for more than three (3) cars shall be permitted without the express written approval of the Architectural Control Committee.

7.2 No Lot shall be subdivided or split by any means whatsoever into any greater number of residential Lots, nor into any residential plots of smaller size without the express written consent of the Developer and the City of Brooklyn Park.

7.3 All uses of the Lots shall, as a minimum, comply with the Permit and with the zoning and other applicable ordinances and regulations of the City of Brooklyn Park. The standards herein

contained shall be considered as requirements in addition to said Permit and zoning and other applicable ordinances and regulations.

7.4 Minimum Square Footage and Set Back Provisions. No Living Unit shall be erected, altered, placed, or permitted to remain on any Lot unless such dwelling contains at least the minimum residential square footage for said lot as defined in the Permit. Set backs from Lot lines shall be in accordance with the specific requirements set forth in the Permit. Notwithstanding the set backs as established by the Permit, the Architectural Control Committee shall have the right to further restrict set backs taking into consideration the necessary buffers and berms designated as "Special Common Areas" and further taking into consideration its obligation to maintain the Criteria for Standards.

7.5 A minimum landscape plan approved by the Architectural Control Committee and conforming to the Permit requirements must be completed within one year after the issuance of a building permit for construction of a Living Unit.

7.6 In order to preserve the uniform and high-standard appearance of the Property, each Owner undertakes responsibility for maintenance and repair of the exterior of his Living Unit, Private Yard Area and Private Driveway on the Lot. Such responsibility for maintaining the Lot and improvements thereon shall include, but not be limited to the following: the maintenance and repair of exterior surfaces of all buildings on the Lot, including without limitation, the painting of the same as often as necessary, the replacement of trim and caulking, the maintenance and repair of roofs, gutters, downspouts and overhangs, the maintenance and repair of exterior windows and doors, necessary painting, staining and repair of patio structures; in maintaining Private Yard areas and Private Driveways an Owner shall be required to mow, trim, water or otherwise care for grass, trees or other plants located on a Lot and shall be required to remove snow from the Private Driveways, parking areas and walkways to the Living Unit.

7.7 Signs. No sign shall be placed on any Lot or within the Property without the express written consent of the Architectural Control Committee, except that one "for sale" sign may be placed on a Lot by an Owner or the Developer without Committee approval.

7.8 No Pets and Animals. No birds, animals or insects shall be kept on any Lot except dogs, cats and other common household pets, provided that they are not kept, bred or maintained for any commercial purposes.

7.9 Home Occupation. No profession or home industry shall be conducted in any Living Unit or on any Lot without the specific written approval of the Developer as long as it has class "B" votes as hereinbefore defined or by the Architectural Control Committee thereafter. The Developer or the Committee, whichever has authority at the time in question, in its discretion, upon consideration of the circumstances in each case, and particularly the effect on surrounding property, may permit a Lot to be used in whole or in part for the conduct of a profession or home industry. No such profession or home industry shall be permitted, however, unless it is considered by the Developer or by the Architectural Control Committee, whichever then has authority, to be compatible with the residential neighborhood.

7.10 Nuisances. No clothes line or drying yards shall be permitted unless concealed by hedges or screening acceptable to the Committee. No weeds, underbrush, or other unsightly growths shall be permitted to grow or remain upon the premises. No refuse pile or unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon. Firewood shall be stored only to the rear of the residence and shall be concealed by screening acceptable to the Committee. In the event that an Owner of any Lot shall fail or refuse to keep such premises free from weeds, underbrush, or refuse piles or other unsightly growths or objects, then the Developer or the Committee may enter upon such lands and remove the same at the expense of the Owner and such entry shall not be deemed as trespass and in the event of such a removal, a lien shall arise and be created in favor of the Association and against such Lot for the full amount chargeable to such Lot and such amount shall be due and payable within thirty days after the Owner is billed therefor. No Lot shall be used in whole or in part for the storage of rubbish of any character whatsoever, nor for the storage of any property or thing that will cause such Lot to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any Lot that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort, or serenity of the occupants of surrounding property. The outside storage of an unlicensed motor vehicle upon the premises shall also be considered a nuisance.

7.11 Storage. Outside storage of any items, including but without limiting the generality of the foregoing, sporting equipment, toys, outdoor cooking equipment, yard and garden tools and equipment and trash and garbage containers shall not be allowed unless effectively screened from view outside the Lot. The design of any screening enclosures must be approved by the

Committee. Household trash and garbage shall be regularly collected and may be kept outside only if in tightly covered containers. No boats, snow mobiles, trailers, camping vehicles, tractors/trailers, or trucks rated in excess of 9,000 pounds gross weight shall at any time be stored or parked on any Lot outside of a garage without the express written approval of the Architectural Control Committee, which approval may be withheld without stated reason.

7.12 Leasing. Any lease between an Owner and a non-Owner occupant shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, the Articles of Incorporation and By-Laws of the Association, and shall provide that any failure by the Non-Owner occupant to comply with the terms of such documents shall be default under the lease. Other than the foregoing, there shall be no restrictions on the use of a Living Unit by a non-Owner occupant.

7.13 Fences, Walls and Hedges. Boundary walls, fences and hedges are inconsistent with the intended plan of development for the Property. No wall or fence shall be constructed or hedge planted on any Lot until the height, type, design, and location have been approved in writing by the Committee. Under no circumstances shall a boundary wall, fence or hedge be permitted with a height of more than six (6) feet. The height or elevation of any wall, fence or hedge shall be measured from the existing elevations on the property at or along the applicable point or lines. Any question as to such heights may be completely determined by the Committee. The height limitations as set forth in this paragraph shall not be applicable to tennis court enclosures, provided such enclosures have been approved by the Committee. A refusal by the Committee to allow or permit a fence, wall or hedge (including tennis court enclosures and swimming pool fences) on any particular Lot or in any particular location shall not be construed to be an abuse of discretion.

7.14 Private Water Supply Systems. No private potable water supply system shall be permitted on any Lot. Any private water supply system installed and used in connection with the maintenance of a landscaping scheme upon a Lot shall be subject to approval by the Architectural Control Committee.

7.15 Storage Tanks. No permanent storage tanks of any kind shall be erected, placed or permitted on any Lot unless buried or effectively screened from view outside the Lot.

7.16 Temporary Structures. No structure of temporary character, trailer, basement, tent, shack, garage, barn or other building

shall be used on any Lot at any time as a residence, either temporarily or permanently.

7.17 Driveways. Driveways must be constructed of concrete, bitumious or other hard surface material. Material and installation shall be subject to approval of the Architectural Control Committee. Driveways must be installed within one year of the date a Certificate of Occupancy is issued for any dwelling constructed upon a Lot.

7.18 Exterior Lighting. All exterior lighting fixtures and standards shall be shown on submitted plans and shall comply with any applicable provisions of the Permit and the overall lighting plan of the Declarant. All forms of exterior lighting shall be subject to approval of the Committee.

7.19 Exterior Ornaments. Exterior ornaments including but not limited to precast concrete, plastic or wood figurines, wishing wells and windmills shall be prohibited unless approved by the Committee prior to installation or construction.

7.20 Gardens. Vegetable and/or flower gardens shall not exceed 600 square feet on any Lot; shall be located to the side or rear of the Living Unit; and, shall contain no plantings over four feet in height. No garden shall be located closer than ten feet to any Lot line. The Committee may in its discretion vary the strict limitations imposed by this section based upon an Application for Approval pursuant to Article VI of this Declaration. Further, the limitations imposed by this paragraph shall not be applicable to the integration of flower beds in conjunction with an overall landscape site plan approved by the Committee.

7.21 Antennas. Except with the prior written approval and authorization of the Committee, no exterior television or radio antenna of any sort shall be placed, allowed or maintained upon any portion of a Lot or the improvements or structures located thereon.

7.22 Completion of Construction of Improvements. All construction work shall, upon approval of plans by the Committee, be carried on with dispatch; all improvements shall be constructed in conformity with the then existing building codes of the City of Brooklyn Park, Minnesota; and all building plans shall be prepared by or under the supervision of a registered architect, a builder or a qualified design professional. If any structure is begun after approval of the plans as provided in Article VI and is not completed within one year after the commencement of said construction, and in the judgment of the

Developer or the Architectural Control Committee, it is offensive or unsightly in appearance, the Developer or the Committee, may take such steps as may be necessary to make the Property harmonious with other properties, such steps including completion of the exterior of the structure, screening or covering the structure or any combination thereof, or similar operations. The amount of any expenditure made in so doing shall be the personal, joint and several obligation of the Owner or Owners and shall be a lien on the Lot and may be foreclosed in the same manner as provided in Section 4.9(c). The lien herein shall not be valid as against a subsequent bonafide purchaser of the Lot in question unless a statement setting forth the claim had been filed for record in the office of the County Recorder and/or Registrar of Titles of Hennepin County, whichever is appropriate, or unless a suit and appropriate Lis Pendens to foreclose the lien shall have been filed of record in the office of the County Recorder and/or Registrar of Titles of Hennepin County prior to the recordation of the Deed conveying the Lot in question to said purchaser.

ARTICLE VIII.

Enforcement of Easements, Restrictions, and Covenants

8.1 Each of the easements, restrictions, and covenants as set forth herein shall be enforceable by the Declarant during the period of Class "B" membership and by any of the Owners of any Lot which is benefited by such easement, restriction or covenant, or any of their respective successors in title but no other person shall have any right to enforce any such easements or restrictions and covenants, nor shall any other person, other than the Declarant or such Owner, the Owner's tenants, invitees, and licensees, have any interest in the easements, restrictions, and covenants hereby created and declared. Nothing contained herein shall constitute a dedication of any interest in such easements, restrictions, and covenants to the public or give any members of the public any rights hereunder. Failure to enforce the easements or restrictions and covenants herein contained shall in no way be deemed a waiver of the right to do so thereafter.

8.2 Remedies for Violation. In the event of any violation or attempted or threatened violation of the terms hereof, or any interference or attempted or threatened interference with the rights and obligations herein granted, each of the easements, restrictions, and covenants may be enforced by a proceeding at law or in equity, or both. If any person entitled to enforce the easements, restrictions and covenants shall elect to enforce the terms hereof by a proceeding in equity, such person may petition for a restraining order or injunction, temporary or permanent,

prohibiting such violation or interference and demanding compliance with the provisions, which restraining order and injunction shall be obtainable upon proof of the existence of such violation, or attempted or threatened violation or interference, and without the necessity of proof of the inadequacy of legal remedies or irreparable harm.

8.3 Cost of Enforcement. If any of the easements or restrictions and covenants created herein are enforced by appropriate proceedings by any Owner or the Declarant, and if such Owner or the Declarant shall prevail in any such proceeding, such prevailing party may be reimbursed for all or any part of the costs incurred in the enforcement thereof, including but not limited to reasonable attorney's fees, costs and expenses.

8.4 Invalidation. Invalidation of any of these covenants or restrictions by judgment or by court order shall not affect any of the other provisions which shall remain in full force and effect.

ARTICLE IX.

Insurance Reconstruction

9.1 Liability Insurance; Fidelity Bonds. The Board of Directors of the Association or its duly authorized agent shall obtain a broad form of public liability insurance insuring the Association, with such limits of liability as the Association shall determine to be necessary, against all acts, omissions to act, and negligence of the Association, its officers, Directors and its employees and agents and for the members of the Architectural Control Committee. The Association's Board of Directors shall also provide fidelity bonds providing protection to the Association against loss by reason of acts of fraud or dishonesty on the part of the Association's directors, managers, officers, employees or volunteers who are responsible for the handling of funds of the Association in an amount sufficient to provide no less protection than one and one-half (1-1/2) times the estimated annual operating expenses and reserves of the Association.

9.2 Casualty Insurance on Insurable Common Area. The Association shall keep all insurable improvements and fixtures of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property, whether real or personal, owned by the Association against loss or damage by fire and such other hazards as the

Association may deem desirable, with the Association as the Owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are general expenses included in the general assessment made by the Association.

9.3 Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area improvements, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a special assessment against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other general assessments made against such Owner.

9.4 Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient.

ARTICLE X.

Notice of First Mortgagees

10.1 Mortgagee's Rights. Notwithstanding any other provisions of this Declaration, the Articles of Incorporation or the By-Laws of the Association, the provisions of this Article X shall control, and in the event of a conflict between the provisions of this article and the provisions of such Declaration, Articles or By-Laws, the provisions of this article shall control.

10.2 Notice of Default. Any Mortgagee holding a first Mortgage on a Lot, and who shall have previously filed a written request with the Association, shall be entitled to written notification of any default by the mortgagor or Owner of such Lot or his, or their, heirs, successors or assigns in the payment of any assessments or the performance of any other duties or obligations herein set forth which shall have remained in default for a period of thirty (30) days or more. The neglect or failure of the Association to tender such notice to the Mortgagee shall toll the running of any time limits applicable to the procedure for the collection of such assessment or remedies available to the Association on account of such default.

10.3 Consent Required. Without the prior written approval of sixty-six and two-thirds percent (66-2/3%) of the holders of first mortgage liens against all Lots, the Association shall not be entitled to:

(a) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer any Property which the Association shall have acquired for the benefit of the Owners;

(b) change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

(c) by act or omission, change, waive or abandon the scheme of exterior and architectural controls, as hereinabove set forth.

ARTICLE XI.

Ponding Areas

11.1 Maintenance of Ponding Areas. The Association may undertake to maintain any ponding areas upon the Property as located and shown on the final development plans and the plat on file with the City of Brooklyn Park. In the event the Association has not undertaken to maintain the same, individual Owners of Lots containing ponding areas shall be obligated to maintain the same in accordance with Article VII of this Declaration. In the event the Association undertakes the obligation to maintain the ponding areas, the cost of such maintenance shall be assessed pro-rata against all Lots in the Property in accordance with Article IV of this Declaration.

11.2 Restrictions on Use of Ponding Areas. The Association shall have the right to control and restrict the utilization of ponding areas by Owners, their families, guests and invitees and shall be entitled to enact and enforce rules and regulations in connection therewith.

11.3 Access to Ponding Areas. Each Owner of a Lot containing a ponding area as shown on the final development plans and the plat on file with the City of Brooklyn Park does, in accepting a conveyance of said Lot, grant to the Association a specific easement for access to such ponding areas for the purpose of performing the maintenance and enforcing the restrictions as set forth in paragraph 11. and paragraph 11.2.

ARTICLE XII.

Litter Control

12.1 Two (2) clean-ups of litter and other non-natural material from the Common Areas and of the Special Common Areas designated on Exhibit "B" shall be conducted each year, once subsequent to the last snow melt in the Spring and prior to May 15th, and once between September 15th and October 15th in the Fall. In addition, any fences and berms and plantings either on Common Areas or the Special Common Areas shall be kept in good repair and condition including painting of fences, if required, and proper watering and maintenance of plantings. Any lease or conveyance of Special Common Areas by Developer to the Association or to an Owner shall contain a condition requiring adherence to the terms of this Article by the Association or Owner.

ARTICLE XIII

Rights Granted the City of Brooklyn Park

13.1 Purpose. The City of Brooklyn Park has executed various agreements with and secured certain covenants from the Developer and has a continuing interest in the performance of those agreements and covenants. Further, the City of Brooklyn Park is concerned that all conditions of the Permit are complied with and that the Property is developed and maintained in accordance with the plan contemplated by this Declaration of Covenants, Conditions and Restrictions.

13.2 Release of Liability. The Declarant, for itself, its successors and assigns and, by accepting a conveyance of a Lot, any Owner, for himself, his family and invitees release and shall hold harmless the City of Brooklyn Park (including its elected and appointed officials, employees, servants and agents) from all liability for enforcement or for nonenforcement of this Declaration of Covenants, Conditions and Restrictions and further expressly acknowledge that the City of Brooklyn Park is not obligated to perform or to enforce performance by the Declarant, the Association, or of any obligations contained in this Declaration of Covenants, Conditions and Restrictions.

Specific Rights Enforceable by the City of Brooklyn Park. The City of Brooklyn Park, at its option and in its discretion, may enforce for the benefit of itself, the

specific provisions of Article V, Article VI, Article VII, Article XI and Article XII of this Declaration of Covenants, Conditions and Restrictions.

13.4 Notice and Procedure. In the event the Developer and/or the Association fail to perform any obligation under the Articles referred to in paragraph 13.3, the City of Brooklyn Park may, after 10 days' written notice to the Developer and/or the President or Secretary of the Association, perform such obligations (directly or with contract personnel or by personnel of the City of Brooklyn Park). The Developer, Association and all Owners hereby waive all notice requirements except as herein above provided and further waive all procedural and other objections to action taken by the City of Brooklyn Park.

13.5 Payment for City Maintenance. The Association, Declarant, and Owners shall reimburse the City of Brooklyn Park or its designee, on demand, for the costs of any Developer, Association, or Owner obligations undertaken by the City of Brooklyn Park or its designee pursuant to this Article. Such costs, including, but not limited to, reasonable attorneys' fees and costs and expenses incurred in connection with collection, shall be an obligation of the Association and a pro rata obligation of each Owner enforceable in any way available to the City under law.

13.6 City's Right to Assess. In addition to the right of collection as stated in 13.5, the City of Brooklyn Park may, in any assessment year, levy against the Lots an assessment of all costs and expenses incurred by the City or its designee pursuant to this Article. The assessment shall be prorated among all lots and shall be enforceable by the City in the same manner as provided in 4.9 of this Declaration of Covenants, Conditions and Restrictions.

13.7 Exclusive Rights. The rights granted by this Article are exclusive to the City of Brooklyn Park and may be exercised only by the City, in its sole discretion. No other person or entity, including the Association, the Developer, or Owners, whether or not a resident of Brooklyn Park, shall be entitled to request or require the City to act pursuant to this Article. The rights of the City of Brooklyn Park granted under this Article cannot be rescinded, cancelled or amended by the Declarant or the Owners without the written consent of the City.

ARTICLE XIV.

General Provisions

14.1 Enforcement by Association. The Association, shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration, including but not limited to the collection of all assessments. In the event that the Association should employ the services of an attorney in connection with a breach of the terms hereof, or in connection with the enforcement of the terms hereof, and if the Association shall prevail in any such action, such Owner shall pay, in addition to all other sums due, the Association's reasonable attorneys' fees, costs, and expenses. The failure by the Association to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. If these restrictions are enforced by appropriate proceedings by an Owner, such Owner may be reimbursed by the Association for all or any part of the costs incurred, as the Board of Directors of the Association shall in its sole discretion determine.

14.2 Severability. The invalidation of any one of these covenants or restrictions by legislation, judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

14.3 Amendments. The provisions of this Declaration may be amended during the first twenty (20) years by an instrument signed by Members entitled to cast no less than ninety percent (90%) of the votes of each class of membership, and thereafter by an instrument signed by Members entitled to cast no less than seventy-five percent (75%) of such votes. No amendment shall be effective until it shall have been properly recorded. Amendment or modification of Conditional Use Permit No. 1984-3292 by the City of Brooklyn Park shall not be construed as an amendment to this Declaration for purposes of this paragraph.

14.4 FHA/VA Approval. In the event FHA/VA Subdivision Approval has been obtained for any of the Property, as long as there are Class B members, the following actions shall require the prior approval of the Federal Housing Administration or the Veteran's Administration:

- (a) annexation of additional properties;
- (b) amendment of this Declaration of Covenants, Conditions, and Restrictions; and
- (c) conveyance and/or dedication of any Common Area.

14.5 Limitation on Declaration. The covenants, restrictions, easements conditions, and reservations imposed or established by or created under this declaration or any amendment hereto shall run with and bind the Property for a period of twenty (20) years from the date of the recordation of this Declaration and may be enforced as provided herein. After the expiration of said twenty (20) year period, all of such covenants, restrictions, easements, conditions, and reservations shall continue to run with and bind the Property for successive periods of ten (10) years each unless revoked, changed or amended in whole or in part by Members entitled to cast seventy-five percent (75%) of each class of votes, and evidenced by a recorded instrument executed by duly authorized officers of the Association.

14.6 Construction and Conflict. In the event of any apparent conflict between the Articles of Incorporation and the By-Laws of the Association and terms of this Declaration, this Declaration shall control. In the event of any apparent conflict between the Articles of Incorporation and the By-Laws of the Association, the terms of the Articles shall control.

14.7 Rules and Regulations. The Board of Directors of the Association may, from time to time, adopt such rules and regulations as the Board, in its sole discretion, deems appropriate or necessary, including, without limiting the generality of the foregoing, additional rules and regulations concerning the use of parking areas, maintenance of the Common Areas and Special Common Areas and additional rules and regulations concerning the appearance of each Lot and utilization of ponding areas.

14.8 Rights of Declarant. Until the last Lot is sold and conveyed to an Owner other than a Declarant, the following activities by Declarant or with the written consent of Declarant will not be deemed violations of restrictions contained in this Declaration:

(a) the use of a Lot or Lots for model and sales office purposes;

(b) the storage of a construction trailer, equipment, materials and earth during the construction of new Living Units;

(c) the display of signs advertising the Property, or new Living Units and the maintenance of temporary fencing, walkways, landscaping and berming in the vicinity of model and sales units.

14.9 Variances. The restrictions applicable to Lots as specified in Article VII of this Declaration are intended for the benefit of all property Owners. The Declarant, however, acknowledges that exceptional conditions of a particular Lot may create peculiar and practical difficulties mitigating against the strict enforcement of a provision contained in Article VII. In the event an Owner believes that such exceptional conditions on a Lot create a hardship or special situation an Application for Variance may be made by an Owner to the Architectural Control Committee in accordance with paragraph 6.3 of this Declaration. An Application for Variance shall state on the Application the reasons for allowing the variance including:

(a) that there are special circumstances or conditions affecting the Lot such that the strict application of a provision of Article VII would deprive the Owner of the reasonable use of the Lot; and

(b) the variance is necessary for the preservation and enjoyment of a substantial property right of the Owner; and

(c) the granting of the variance will not be detrimental to the public welfare or injurious to other Owners or Lots subject to the Declaration; and

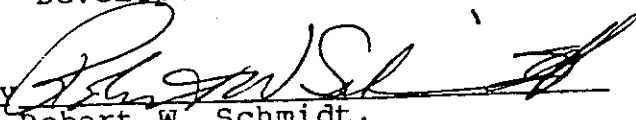
(d) that the issuance of the variance will not have an adverse effect upon the health, welfare and safety of the Owners benefited by this Declaration.

In considering a request for a variance from the strict application of Article VII of this Declaration, the Committee shall make a finding showing that all of the foregoing conditions exist and the Committee may impose any reasonable condition in the granting of such variance in order to protect other Lots and Owners.

The decision of the Committee shall be final in regard to any Application for a Variance and such decision shall not be subject to appeal either by arbitration or litigation. The granting of a Variance by the Committee shall not be binding upon the City of Brooklyn Park, nor shall the granting of a Variance by the City of Brooklyn Park be binding on the Committee.

GRACELYN DEVELOPMENT,

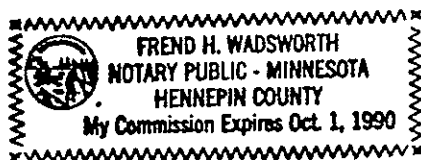
By Mattson's Landing,
a Partner in Gracelyn
Development

By 
Robert W. Schmidt,
a Partner in Mattson's
Landing

STATE OF MINNESOTA

COUNTY OF HENNEPIN

The foregoing instrument was acknowledged before me this 4th day of June, 1986,
by Robert W. Schmidt partner of Mattson's Landing which is a partner of
Gracelyn Development.





NOTARY PUBLIC

EXHIBIT "A"

Blocks 1, 2, 3, 4 and 5 of The Highlands of Edinburgh
Second, Hennepin County, Minnesota.

EXHIBIT "B"

Special Common Areas
THE HIGHLANDS OF EDINBURGH SECOND
Hennepin County, Minnesota

The southeasterly 40.00 feet of Lots 1 thru 3, Block 4 and Lots 5 thru 16, Block 4 and Lot 18, Block 4; also

That part of Lot 2, Block 1, lying northeasterly of a line described as follows: Beginning at a point on the northerly line of said Lot 2, distant 30.00 feet west from the northeast corner of said Lot 2; thence southeasterly, to a point on the east line of said Lot 2, distant 30.00 feet south from the northeast corner of said Lot 2 and there terminating; also

The island in the partial cul-de-sac adjacent to Lots 1 thru 4, Block 4; also

The island in the cul-de-sac adjacent to Lots 7 thru 13, Block 3



EXHIBIT "C"

Outlots A, B, C and D of The Highlands of Edinburgh Second,
Hennepin County, Minnesota;

and

Edinburgh, Hennepin County, Minnesota, except Lots 1, 2 and the
South One-half of Lot 3, Block 1.

CLERK OF COUNTY RECORDS
STANFORD COUNTY, MINNESOTA
CERTIFIED TRUE AND COR
RECORDS

1986 JUN -4 PM 12:51

AS DEPOSED
5115293

R. O. Carlson CO. RECORDS

A. McNeil

Duplicate
Filing
Certified
to Court

**CONSENT OF MORTGAGEE TO
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

NORWEST BANK MIDLAND, NATIONAL ASSOCIATION, a national banking association, the holder of the mortgagee's interest in that certain mortgage filed for record as Document No. 5111226 & 5111225, in the office of the County Recorder for Hennepin County, Minnesota, hereby consents to the Declaration of Covenants, Conditions, and Restrictions, to which this Consent is attached, and hereby joins in, and agrees that its interest in the lands covered by said mortgage is subject to the easements, restrictions, covenants and conditions set forth in said Declaration of Covenants, Conditions, and Restrictions.

NORWEST BANK MIDLAND, NATIONAL ASSOCIATION

By Arleen Nissen

Its Sen. Vice President

By H.A. Sanaburne

Its Commercial Real Estate Officer

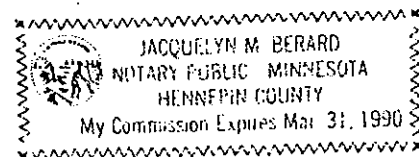
STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 4 day of June, 1986, by Arleen Nissen, Senior Vice President and by H.A. Sanaburne, Commercial Real Estate Officer of Norwest Bank Midland, National Association, a National banking association, on behalf of the association.

Jacquelyn M. Berard
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

Jensen & Weyland, P.A.
8525 Edinbrook Crossing
Brooklyn Park, MN 55443



SECRET

~~CONFIDENTIAL~~




5163446

**FIRST SUPPLEMENTARY DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

THIS SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, made on this 26 day of September, 1986, by Gracelyn Development, a general partnership organized and existing under the laws of the State of Minnesota (hereinafter referred to as the "Declarant");

WITNESSETH:

WHEREAS, Declarant has heretofore executed a Declaration of Covenants, Conditions, and Restrictions, dated June 4, 1986, filed June 4, 1986, as Document No. 5115293, in the office of the County Recorder in and for Hennepin County, Minnesota; and

WHEREAS, said Declaration of Covenants, Conditions, and Restrictions did subject the following described real property (hereinafter referred to as "Original Property");

Blocks 1, 2, 3, 4 and 5 of The Highlands of Edinburgh
Second, Hennepin County, Minnesota.

to the covenants, restrictions, easements, charges and liens set forth in the Declaration, each and all of which is and are for the benefit of the Original Property and the residential community which Declarant desires to create thereon; and

WHEREAS, Article II, Section 2.1 of the Declaration provides that Declarant shall have the right to bring within the scheme of the Declaration of Covenants, Conditions, and Restrictions additional real property as described on Exhibit "C" of that Declaration of Covenants, Conditions, and Restrictions in future stages of development; and

WHEREAS, the real property described on Exhibit "A" attached hereto and by this reference incorporated herein, is part of the general development plan and a portion of the property described as Additional Property within the original Declaration of Covenants, Conditions, and Restrictions; and

WHEREAS, Declarant, Gracelyn Development, is the owner of the property described on Exhibit "A" and desires to subject such property to the covenants, conditions, restrictions, easements, charges and liens under the Declaration of Covenants, Conditions, and Restrictions;

NOW, THEREFORE, in consideration of the premises, Declarant hereby declares that the land described on Exhibit "A" shall be held, transferred, sold, conveyed and occupied subject to the conditions, restrictions, easements, charges and liens set forth

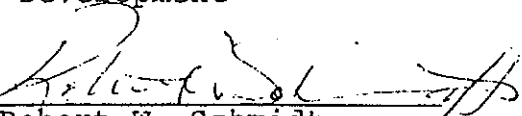
in the Declaration, which covenants and restrictions shall run with the land described on Exhibit "A" and shall be binding upon all persons having any right, title or interest therein or in any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof, and in furtherance thereof, the Declarant hereby declares:

1. Effective Date. The land described on Exhibit "A" shall become subject to the Declarations of Covenants, Conditions, and Restrictions on the date this First Supplementary Declaration is filed of record in the office of the County Recorder in and for Hennepin County, Minnesota.
2. Authority. This First Supplementary Declaration is made in accordance with the rights reserved to Declarant in Article II, Section 2.1 of the Declaration.
2. No Modification. Nothing herein shall be deemed to amend, modify or in any respect alter the terms, covenants and conditions set forth in the Declaration, all of which is hereby ratified and confirmed in its entirety.

IN WITNESS WHEREOF, Declarant has caused this First Supplementary Declaration of Covenants, Conditions, and Restrictions to be executed as of the day and year first above written.

GRACELYN DEVELOPMENT,

By Mattson's Landing,
a Partner in Gracelyn
Development

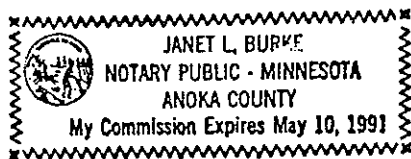
By 
Robert W. Schmidt,
a Partner in Mattson's
Landing

STATE OF MINNESOTA)

) ss.

COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 26 day of September, 1986, by Robert W. Schmidt, a partner in Mattson's Landing, a partnership which is in turn a partner in Gracelyn Development, the partnership named in the foregoing instrument, and that said instrument was signed on behalf of said partnership as a partner in Gracelyn Development, and that said Robert W. Schmidt acknowledged said instrument to be the free act and deed of said partnership.



Janet L. Burke
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

Jensen & Weyland, P.A.
8525 Edinbrook Crossing
Brooklyn Park, MN 55443

No delinquent taxes and transfer entered
DEPT. OF PROPERTY TAX & PUBLIC RECORDS
HENNEPIN COUNTY MINN.

SEP 26 1986

DALE G. FOLSTAD COUNTY AUDITOR

Charles E. Anderson DEPUTY
1986
This certificate shall be filed for the current year
in may or may not be paid.

EXHIBIT "A"

Blocks 1, 2, 3, 4 and 5, The Highlands of Edinburgh Third,
Hennepin County, Minnesota.

**CONSENT OF MORTGAGEE
TO FIRST SUPPLEMENTARY DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

NORWEST BANK MIDLAND, NATIONAL ASSOCIATION, a National Banking Association, the holder of the mortgagee's interest in that certain Mortgage filed for record as Document Nos. 5152445 & 5152446 in the office of the County Recorder for Hennepin County, Minnesota, hereby consents to the First Supplementary Declaration of Covenants, Conditions, and Restrictions to which this Consent is attached, and hereby joins in and agrees that its interest in the land covered by said Mortgage is subject to the easements, restrictions, covenants and conditions set forth in the Declaration of Covenants, Conditions, and Restrictions filed as Document No. 5115293 and said First Supplementary Declaration of Covenants, Conditions, and Restrictions.

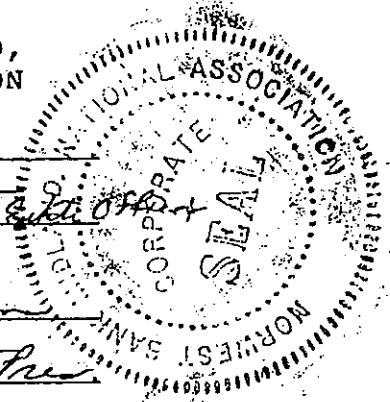
NORWEST BANK MIDLAND,
NATIONAL ASSOCIATION

By *W. J. Sauer*

Its *Commercial Real Estate Officer*

By *Ellen Sahara*

Its *Asst. Vice Pres.*



STATE OF MINNESOTA)

) ss.

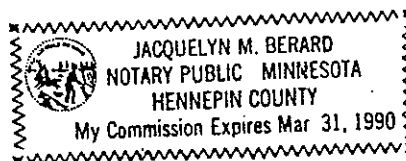
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 26 day of September, 1986 by *W. J. Sauer*, *Commercial Real Estate Officer* and by *Ellen Sahara*, *Assistant Vice President* of Norwest Bank Midland, National Association, a National Banking Association, on behalf of the association.

Jacquelyn M. Berard
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

Jensen & Weyland, P.A.
8525 Edinbrook Crossing
Brooklyn Park, MN 55443



5163446

29SEP86 9:29 C
5163446DDCMT \$10.00

OFFICE OF COUNTY RECORDER
HENNEPIN COUNTY, MINNESOTA
CERTIFIED FILED AND OR
RECORDED ON

1986 SEP 29 AM 9:33
AS DOCUMENT 5163446
R. O. Felt GO. RECORDER
W. McNamee DEPUTY

for:
Mr. Harold Wadsworth
A. L. P. A. M. L.

AMENDMENT TO FIRST SUPPLEMENTARY DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS AMENDMENT TO FIRST SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, made this 10th day of February, 1987, by Gracelyn Development, a general partnership organized and existing under the laws of the State of Minnesota (hereinafter referred to as the "Declarant");

WITNESSETH:

WHEREAS, the Declarant is the owner of certain real property lying and being in the County of Hennepin, State of Minnesota, legally described as:

Blocks 1, 2, 3, 4 and 5, The Highlands of Edinburgh Third, Hennepin County, Minnesota;

and

WHEREAS, said property is subject to that certain Declaration of Covenants, Conditions and Restrictions, dated June 4, 1986, filed June 4, 1986, as Document No. 5115293 in the office of the County Recorder in and for Hennepin County, Minnesota, pursuant to the First Supplementary Declaration of Covenants, Conditions and Restrictions, dated September 26, 1986, filed September 29, 1986, as Document No. 5163446 in the office of the County Recorder in and for Hennepin County, Minnesota; and

WHEREAS, it is the intention of the Declarant to amend said First Supplementary Declaration of Covenants, Conditions and Restrictions hereinbefore referenced;

NOW, THEREFORE, it is declared that said First Supplementary Declaration of Covenants, Conditions and Restrictions shall be and is hereby amended to incorporate into said First Supplementary Declaration of Covenants, Conditions and Restrictions, Document No. 5163446, the following Special Common Areas:

Special Common Areas
The Highlands of Edinburgh Third
Hennepin County, Minnesota

The drainage and utility easement adjacent to the lot line between Lots 4 and 5, Block 1; also

The drainage and utility easement adjacent to the lot line between Lots 12 and 13, Block 1; also

The drainage and utility easement adjacent to the lot line between Lots 17 and 18, Block 1; also

The drainage and utility easement adjacent to the lot line between Lots 24 and 25, Block 1; also

The drainage and utility easement adjacent to the lot line between Lots 4 and 5, Block 3; also

The drainage and utility easement adjacent to the lot line between Lots 16 and 17, Block 3; also

The island in the cul-de-sac adjacent to Lots 22 thru 28, Block 1; also

The island in the partial cul-de-sac adjacent to Lots 9 thru 14, Block 1; also

The island in the cul-de-sac adjacent to Lots 19 thru 25, Block 2; also

The island in the partial cul-de-sac adjacent to Lots 9 thru 12, Block 2; also

The island in the partial cul-de-sac adjacent to Lots 1 thru 3, Block 2; also

The island in the partial cul-de-sac adjacent to Lots 3 thru 7, Block 4; also

The southeasterly 40.00 feet of Lots 1 thru 11 Block 1; also

The drainage and utility easement along the rear yards of Lots 12 thru 26, Block 1; also



CONSENT OF MORTGAGEE

TO AMENDMENT TO FIRST SUPPLEMENTARY DECLARATION

NORWEST BANK MIDLAND, NATIONAL ASSOCIATION, a National Banking Association, the holder of the mortgagee's interest in those certain mortgages filed for record as Document Nos. 5152445 and 5152446 in the office of the County Recorder for Hennepin County, Minnesota, hereby consents to the Amendment to First Supplementary Declaration of Covenants, Conditions and Restrictions to which this Consent is attached; and hereby joins in and agrees that its interest in the land covered by said mortgagees is subject to the easements, restrictions, covenants and conditions set forth in the Declaration of Covenants, Conditions and Restrictions filed as Document No. 5115293, the First Supplementary Declaration of Covenants, Conditions and Restrictions filed as Document No. 5163446, and the Amendment to First Supplementary Declaration of Covenants, Conditions and Restrictions to which this Consent is attached.

NORWEST BANK MIDLAND,
NATIONAL ASSOCIATION

By Jefferson
Its Commercial Real Estate Office

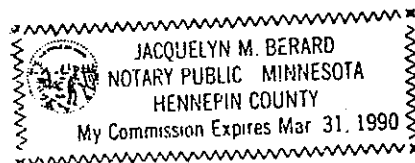
By Wernio W. Johnson
Its VICE PRESIDENT

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 11 day of February, 1987 by H.A. Sansburn, its Commercial Real Estate Officer and by Dennis W. Johnson, its Vice President of Norwest Bank Midland, National Association, a National Banking Association, on behalf of the association.

Jacquelyn M. Berard
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Jensen & Weyland, P.A.
8525 Edinbrook Crossing
Brooklyn Park, MN 55433



PROPERTY RECORDS
HENNEPIN COUNTY, MINNESOTA
NOT RECORDED AND OR
RECORDED

1987 FEB 11 PM 2:24

ASSIGNMENT # 5225808

R. Dan Carlson CO. RECORDER

S. H. [Signature] A.P.U.Y

No delinquent taxes and transfer taxes
DEPT. OF PROPERTY TAX & PUBLIC RECORDS
HENNEPIN COUNTY MINN.

FEB 11 1987

DALE G. FOLSTAD COUNTY AUDITOR

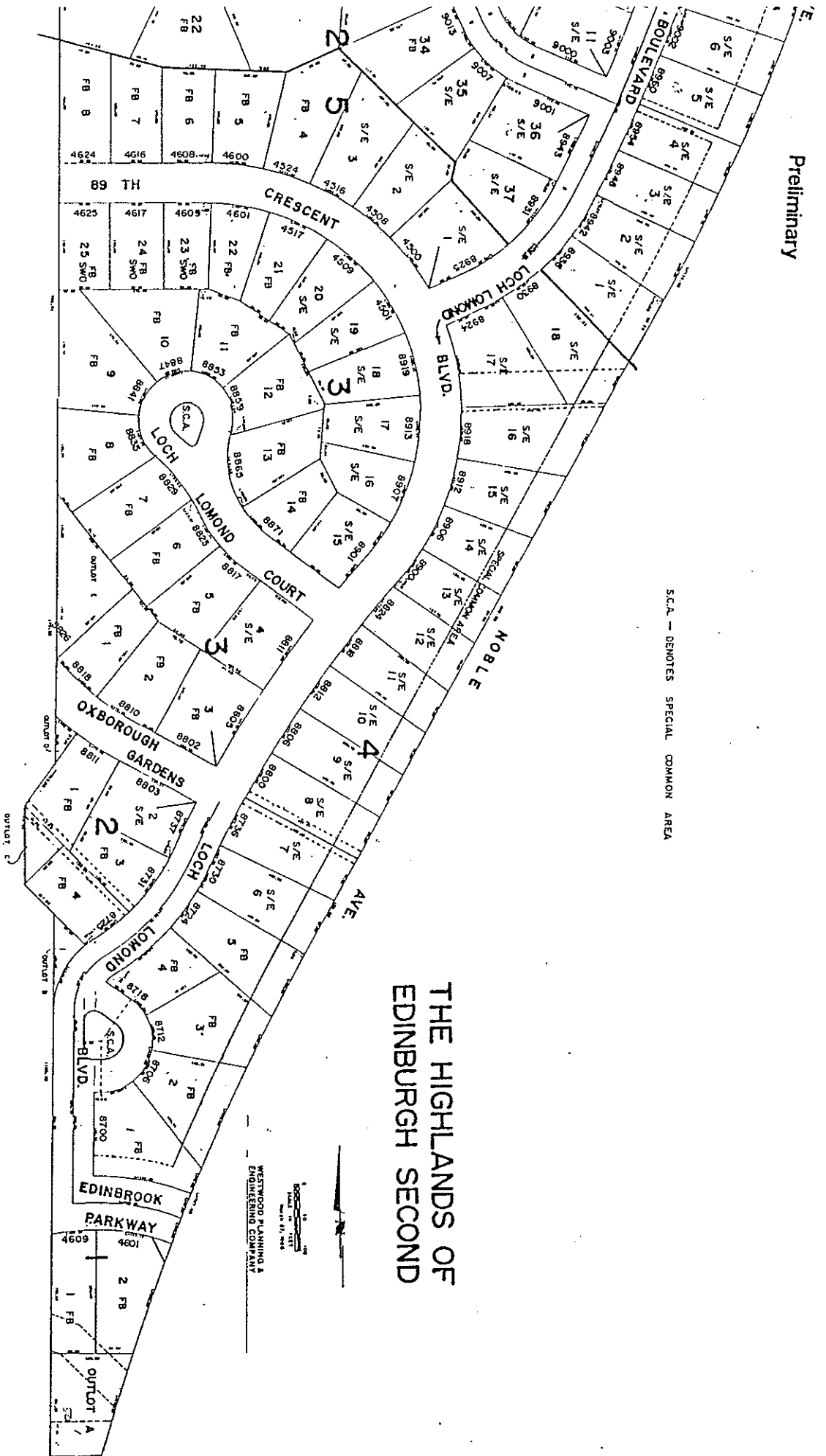
[Signature] DEPUTY
This certificate does not relate to taxes for the current year
if they or they not be paid.

Duplicate
Filing
Certificate
50 Cents

Preliminary

S.C.A. - DENOTES SPECIAL COMMON AREA

THE HIGHLANDS OF
EDINBURGH SECOND



THE HIGHLANDS OF EDINBURGH THIRD

Preliminary

S.C.A. -- DENOTES SPECIAL COMMON AREA

