

SKYEHILL

TOWNHOMES

ASSOCIATION

()

()

()

U-853

NP - RA - RO



22440300002

CERTIFICATE OF RESTATED ARTICLES OF INCORPORATION

OF

SKYEHILL TOWNHOMES ASSOCIATION, INC.

We, the undersigned, TOM N. THOMAS and

Mark S. Nardi, respectively the President and

Secretary of Skyehill Townhomes Association, Inc., a Minnesota nonprofit corporation (the "Association"), subject to the provisions of Minnesota Statutes Chapter 317A, known as the Minnesota Nonprofit Corporation Act, do hereby certify that the resolution as hereinafter set forth was proposed by the Board of Directors of the Association, and approved by the required vote of the members of the Association, in accordance with the requirements of the Association's existing Articles of Incorporation and Bylaws, and Minnesota Statutes Chapter 317A, effective as of the date of filing of this Certificate in the office of the Secretary of State.

Resolved that the Articles of Incorporation of Skyehill Townhomes Association, Inc., shall be, and hereby are, restated in their entirety to read as follows:

RESTATED ARTICLES OF INCORPORATION
OF
SKYEHILL TOWNHOMES ASSOCIATION, INC.

ARTICLE I

NAME

The name of this corporation shall be Skyehill Townhomes Association, Inc. (the "Association").

ARTICLE II

PURPOSES AND POWERS

The purposes for which the Association is formed, and its powers, are as follows:

1. To act as the Association which is referred to in the Amended and Restated Declaration (the "Declaration") of Skyehill Townhomes, a planned community located in Hennepin County, Minnesota. The terms used in these Restated Articles of Incorporation shall have the same meaning assigned to them in the Declaration.
2. To provide for the maintenance, preservation, architectural control, operation, and management of the Property described in the Declaration, for the health, safety, and welfare of the Owners, and for the preservation of the value and architectural character of the Units and the Common Elements.
3. To exercise the powers and duties now or hereafter granted or imposed by law, the Declaration, or the Association's Amended and Restated Bylaws (the "Bylaws"), and to do all other lawful acts or things reasonably necessary for carrying out the Association's purposes; provided, that no actions shall be authorized or undertaken which violate any state or federal laws applicable to nonprofit corporations.

ARTICLE III

NO PECUNIARY GAIN

The Association shall not afford pecuniary gain, incidentally or otherwise, to the Members by reason of their membership in the Association. However, subject to approval by the Board, as provided in the Bylaws, a Member may be reimbursed for out-of-pocket expenses incurred in carrying out duties on behalf of the Association, or a Member may be reasonably compensated for goods or services furnished to the Association in an independent, arms-length business transaction.

ARTICLE IV

DURATION

The duration of the Association shall be perpetual.

ARTICLE V

REGISTERED OFFICE

The address of the registered office of the Association is 850 Decatur Avenue North, #2A, Golden Valley, Minnesota 55427.

ARTICLE VI

DIRECTORS

The business of the Association shall be managed by the Board, which shall consist of at least three persons, or such greater number as provided in the Bylaws. The members of the Board shall be elected and carry out their duties as provided in the Bylaws.

ARTICLE VII

LIMITED LIABILITY

The Members shall not be subject to any personal liability for the obligations of the Association. In addition, no person who serves without compensation as a director, officer, Member, or agent of the Association shall be held civilly liable for an act or omission by that person if the act or omission was in good faith, was within the scope of the person's responsibilities as director, officer, Member, or agent of the Association, and did not constitute willful or reckless misconduct, except as follows:

1. An action or proceeding brought by the attorney general for a breach of a fiduciary duty as a director;
2. A cause of action to the extent it is based on federal law;
3. A cause of action based on the person's express contractual obligation; or
4. An act or proceeding based on a breach of public pension plan fiduciary responsibility.

Nothing in this Article limits an individual's liability for physical injury to another person or for wrongful death which is personally and directly caused by that individual.

ARTICLE VIII
NO CAPITAL STOCK

The Association shall have no capital stock.

ARTICLE IX
MEMBERSHIP/VOTING

The Members shall be those persons described as Members in the Bylaws. Membership in the Association shall be transferable, but only as an appurtenance to and together with the Member's interest in the Unit to which the membership is allocated. One membership shall be allocated to each Unit. The Members shall have the voting rights allocated to their respective Units as described in the Declaration. Cumulative voting by Members shall not be permitted.

ARTICLE X
BYLAWS

The Association shall be governed by the Bylaws. The Bylaws may be amended or revoked only by the Members, as provided in the Bylaws.

ARTICLE XI
MEETINGS

The Association shall hold meetings of its Members, at such times and in such manner as specified in the Bylaws.

ARTICLE XII
AMENDMENTS

Amendment of these Restated Articles of Incorporation shall require the prior approval of Members who hold in excess of fifty percent of the total votes in the Association, at a meeting duly held for such purposes, or voting by ballot in lieu of a meeting; except that the registered office may be changed by the filing of a Certificate of Change of Registered Office in accordance with law. In addition, any amendment requiring approval of the Members shall be subject to the consent of Eligible Mortgagees, and/or the FHA or VA, if required by the Declaration.

ARTICLE XIII

DISSOLUTION

The Association may be dissolved as provided in Minnesota Statutes Chapter 317A; provided, that the Association shall have been terminated in accordance with the requirements of Minnesota Statutes Section 515B.2-119.

IN WITNESS WHEREOF, we have subscribed our names on this 24th day of JANUARY, 2007.

Tom W. Thomas
President

Mark S. Naroit
Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 24th day of JANUARY, 2007, by Tom W. Thomas and MARK S. NAROIT, the President and Secretary, respectively, of Skyehill Townhomes Association, Inc., a Minnesota nonprofit corporation, on behalf of said corporation.

Diane Joy Henning
Notary Public



STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

FEB 28 2007 *PL*

Mark Ritchie
Secretary of State

(C)

(C)

(C)

BYLAWS OF
SKYEHILL TOWNHOMES ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Skyehill Townhomes Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 3750 IDS Tower, Minneapolis, Minnesota 55402, 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 Skyehill Townhomes Association, Inc., a Minnesota non-profit corporation, its successors and assigns.

Section 2. "Common Properties" shall mean and refer to all real property and improvements thereon owned by the Association for the common use and enjoyment of the Owners and such other persons to whom the Owners may delegate this right pursuant to the Declaration and to all improvements located thereon and owned or otherwise held by the Association for the common use and enjoyment of said persons.

The Common Properties to be owned by the Association at the time of the conveyance of the first Lot are described as follows:

Lot 1, Block 14; Lot 1, Block 15, all in Skyehill Townhomes according to the recorded plat thereof on file in the office of the Registrar of Titles in and for Hennepin County, Minnesota.

and said initial Common Properties shall be conveyed to the Association by the Declarant prior to the conveyance of the first Lot forming a part of the real property described in Article II, Section 1 of the Declaration. In addition to the Common Properties described above, "Common Properties" shall mean and refer to such real property as shall be so designated by the Declarant in any valid Supplementary Declaration of Covenants, Conditions and Restrictions, made and filed in accordance with Article II, Section 2 of the Declaration.

Section 3. "Declarant" shall mean and refer to The Skyehill Company and to its successors and assigns, if (i) any such successor or assign should acquire more than one undeveloped Lot from the Declarant for the purpose of development and the instrument of conveyance recites that such successor or assign has acquired all of the rights and obligations of the Declarant; or (ii) such rights and obligations pass to such successor or assign by operation of law.

Section 4. "First Mortgagee" shall mean and refer to any person, corporation or other entity named as mortgagee in any mortgage deed granting a first lien upon the fee simple title to any Lot.

Section 5. "Living Unit" shall mean and refer to any portion of a building situated upon Skyehill designated and intended for use and occupancy as a residence by a single family and located or to located upon one Lot.

Section 6. "Lot" shall mean and refer to any platted lot in the Properties, including any lot resulting from the platting of any additional property subjected to the Declaration in accordance with the provisions of Article II, Section 2 of the Declaration, with the exception of the Common Properties.

Section 7. "Member" shall mean and refer to all Owners who are members of the Association as provided in Article III, Section 1 of the Declaration.

Section 8. "Skyehill" shall mean and refer to all properties subject to the Declaration, and any valid Supplementary Declaration created in accordance with the provisions of Article II of the Declaration.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon Skyehill, but, notwithstanding any applicable theory of mortgages, shall not mean or refer to a mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or deed in lieu of foreclosure.

Section 10. "Properties" shall mean and refer to all of the real property subject to the Declaration, as more particularly described in Article II of the Declaration, all additional real property made subject to the Declaration in accordance with the provisions of Article II of the Declaration, and all improvements now or hereafter located thereon.

Section 11. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to Skyehill recorded in the Office of the Registrar of Titles within and for Hennepin County, Minnesota.

ARTICLE III

PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Easements. Subject to the provisions of Section 2 hereof, there shall exist the following easements in favor of each Owner and appurtenant to such Owners' Lots over, across and upon the Common Properties:

- (a) A nonexclusive easement for ingress and egress to and from each Lot over and across paved driveway areas in the Common Properties;
- (b) Nonexclusive easements to construct, install, repair and replace sanitary and storm sewer, water, gas, electric, telephone, cable television and other utility lines serving such Lot in the location the same shall be initially constructed or installed by the Declarant, or such other location as may be approved by the Board of Directors of the Association;
- (c) An exclusive easement to maintain any encroachment by fireplaces, roof overhangs, air conditioning equipment, flower boxes, decks, balconies or other appurtenances which are part of the original construction of any Living Unit or which are added or altered pursuant to the provisions of Article VIII of the Declaration; and
- (d) A nonexclusive easement of ingress and egress over the Common Properties and for the use and enjoyment of those portions of the Common Properties developed for open-space or recreational purposes or vehicular parking.

Section 2. Extent of Members' Easements. The rights and easements created hereby and the title of the Association to the Common Properties shall be subject to the following, and as further provided herein:

- (a) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Properties, and in aid thereof to mortgage said Properties; provided, however, that the rights of such mortgagee in said Properties shall be subordinate to the rights of the Members hereunder and provided, further, that the requisite consent under Article XI of the Declaration shall have been first obtained;
- (b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure;

- (c) The right of the Association, as provided in its Articles and herein, to suspend the voting and enjoyment rights of any Member for any period during which any assessment remains unpaid; provided, however, that nothing contained in this Paragraph (c) shall be deemed to deny an Owner access to and from his or her Lot in Skyehill;
- (d) The right of the Declarant to make use of such portions of the Common Properties as may be necessary and incidental to the construction of the initial improvements upon Skyehill, including any Additional Property, including, without limitation, vehicular ingress and egress, vehicular parking, storage and maintenance of models and signs advertising Living Units in Skyehill, together with the right of the Declarant to execute and deliver any and all necessary conveyances or dedications to governmental authorities or public utilities deemed necessary by Declarant for the purpose of providing public utilities to Skyehill; provided, however, that the Declarant shall promptly restore any damage to the Common Properties by reason of any construction incident to the foregoing;
- (e) The right of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority or utility (including, without limitation, utilities furnishing gas, electricity, water, telephone or cable television) for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer, determination as to the purposes or as to the conditions thereof shall be effective unless an instrument signed by Members entitled to cast two-thirds (2/3) of the votes of each class of membership has been recorded agreeing to such dedication, transfer, purpose or condition, and unless written notice of the proposed agreement and action thereunder is sent to every Member at least ninety (90) days in advance of any action taken. The consent requirements of Article XI, Section 5 of the Declaration, if applicable, must also be satisfied to effect a valid dedication.

Nothing herein contained shall be construed as a dedication of any part of the Common Properties to the public or to public use.

Section 3. Title to Common Properties. Declarant shall convey marketable legal title to the Common Properties to the Association prior to the first conveyance of any Lot.

Section 4. Taxes and Special Assessments on Common Properties. Taxes and special assessments that would normally be levied against the Common Properties by a governmental entity shall be divided and levied in equal amounts against the individual Lots in the Properties, which levies shall be a lien against said individual Lots (provided that such a scheme is permitted by state law).

Section 5. Delegation of Rights. An Owner may delegate his or her right and easement of enjoyment in and to the Common Properties to the members of his or her family, a contract vendee who is entitled to possession of the Lot, or to his or her guests or tenants who reside on the Owner's Lot (subject to rules and regulations of the Association).

ARTICLE IV

MEETING OF MEMBERS

Nov. 1-86
Section 1. Annual Meetings. The first annual meeting of the members shall be held within one 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 eight 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, at least five (5) and no more than thirty (30) days before such meeting to each member and members mortgagee, if any, 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 a 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-half (1/2) 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 Bylaws. 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 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 or her Lot.

ARTICLE V

BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting, the members shall elect one-third (1/3) (rounded to nearest whole number) of the directors for a term of one year, one-third of the directors for a term of two years and the balance for a term of three years; and at each annual meeting thereafter the members shall fill any vacancies on the Board of Directors for a term of three years.

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 or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of said predecessor.

Section 4. Compensation. No director shall receive compensation for any service rendered to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of 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 VI

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 Chairperson, who shall be a member of the Board of Directors, and two 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 VII

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least quarterly without notice, at such place and hour as may be fixed from time to time by 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 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 VIII

THE BOARD OF DIRECTORS: POWERS, DUTIES AND RESTRICTIONS

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

- (a) Adopt and publish rules and regulations governing the use of the Common Properties and facilities and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) Suspend the voting rights and right to use of the recreational facilities of a member 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 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 Bylaws, 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 regular 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 and exterior maintenance 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 to 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, consistent with provisions set forth in the Declaration;
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate and in accordance with the Declaration;
- (g) Cause the Common Properties to be maintained and maintenance to Lots and Living Units in accordance with the Declaration.

ARTICLE IX

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, 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 or she 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 by 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 or she 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 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:

PRESIDENT

The President 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 shall co-sign all checks and promissory notes.

VICE-PRESIDENT

The Vice-President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act and shall exercise and discharge such other duties as may be required by the Board.

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 duties as required by the Board.

TREASURER

The Treasurer 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; sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meetings, and deliver a copy of each to the members and to any First Mortgagees who shall request the same, pursuant to Article XI, Section 6 of the Declaration.

ARTICLE X

COMMITTEES

Section 1. The Association shall appoint the following standing committees:

The Nominating Committee
The Maintenance Committee
The Architectural Control Committee

Unless otherwise provided herein, each committee shall consist of a Chairperson and one or more members and shall include a member of the Board of Directors for board contact. The committees shall be appointed by the Board of Directors prior to each annual meeting 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 Board of Directors may appoint such other committees as it deems desirable.

Section 2. The Nomination Committee shall have the duties and functions described in Article VI of these Bylaws and such other functions as the Board, in its discretion, determines.

Section 3. The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Common Properties and Living Units, and shall periodically review the adequacy of the insurance coverage afforded the Association and advise the Board of Directors, and otherwise make recommendations and take such action as will insure that the insurance requirements contained in Article VI of the Declaration are met; and shall perform such other functions as the Board, in its discretion, determines.

Section 4. The Architectural Control Committee shall have the duties and functions described in Article VIII of the Declaration. It shall watch for any proposals, programs or activities which may adversely affect the residential value of Skyehill and shall advise the Board of Directors regarding Association action on such matters.

Section 5. With the exception of the Architectural Control Committee as to those functions that are governed by Article VIII of the Declaration and with the exception of the Nomination Committee, each committee shall have the power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties and functions.

Section 6. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE XI

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 or First Mortgagee. The Declaration, the Articles of Incorporation and the Bylaws 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 cost.

ARTICLE XII

ASSESSMENTS

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. Any assessments which are not paid when due shall be delinquent if the assessment is not paid within thirty (30) days after the due date, the assessments shall bear interest from the date of delinquency at the rate of 8 percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay same or foreclose the lien against the property, in the manner provided in the Declaration. No Owner may waive or otherwise avoid liability for the assessments provided for herein and by the Declaration by non-use of the Common Properties or abandonment of such Owner's Lot.

ARTICLE XIII

NO CORPORATE SEAL

There shall be no corporate seal.

ARTICLE XIV

AMENDMENTS

Section 1. These Bylaws 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, provided that the additional consent required by Article XI, Section 5 of the Declaration shall be required for any actions specified therein. The procedure to amend the Bylaws shall be: (a) the Board of Directors may propose the amendment to the Bylaws by resolution setting forth the proposed amendment and directing that it be submitted for adoption at a meeting of the members; or (b) any five members may set forth the proposed amendment by petition by them subscribed, which petition shall be filed with the secretary of the Association. Notice of the meeting of the members, stating the purpose, including the proposed amendment, shall be given to each member entitled to vote on the proposed amendment, and to each officer and director regardless of his voting rights. If notice required by this clause has been given, the proposed amendment may be adopted at any meeting of members by a majority of a quorum of members present in person or by proxy, together with the additional consent required by the Declaration, as above provided.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XV

DISSOLUTION

The corporation may be dissolved by a vote of the members entitled to cast two-thirds (2/3) of the votes of each class of membership provided that such additional consent required by of the Declaration is obtained. Written notice of a proposal to dissolve, setting forth the reasons therefor and the disposition to be made of the assets (which shall be consonant with Article ___ of the Declarations and Article XVI hereof) shall be mailed to every member at least ninety (90) days in advance of any action taken.

ARTICLE XVI

DISPOSITION OF ASSETS UPON DISSOLUTION

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 assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes. No such disposition of Association properties shall be effective to divest or diminish any right or title of any member vested in him or her under the Declaration unless made in accordance with the provisions of such Declaration.

ARTICLE XVII

MISCELLANEOUS

The fiscal year of the Association shall begin on the first 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 Skyehill Townhomes Association, Inc., have hereunto set our hands this _____ day of _____, 1982.

Robert L. Davidson

Mary Jane Boran

Marilyn L. Davidson

James M. Seed

William A. Boran

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

On this _____ day of _____, 1982, personally
appeared before me _____,

_____, and _____,
to me known to be the persons named in and who executed the
foregoing Bylaws, and each acknowledged this to be his free
act and deed for the uses and purposes therein expressed.

Notary Public

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of
Skyehill Townhomes Association, Inc., a Minnesota non-profit
corporation, and

THAT the foregoing Bylaws constitute the original
Bylaws of said Skyehill Townhomes Association, as duly
adopted at a meeting of the Board of Directors thereof, held
on the _____ day of _____, 1982.

()

()

()

(Above Space Reserved for Recording Data)

COMMON INTEREST COMMUNITY NO. 1845
Planned Community

SKYEHILL TOWNHOMES

AMENDED AND RESTATED DECLARATION

This Amended and Restated Declaration (the "Declaration") of Skyehill Townhomes is made, effective on the date of recording hereof, by Skyehill Townhomes Association, Inc., a Minnesota nonprofit corporation (the "Association"), with the approval of the required number of Owners (defined herein) of the lots (defined herein as Units) within Skyehill Townhomes. This Declaration is made for the purpose of subjecting the Property (defined herein) to Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act (the "Act"), as a planned community.

WITNESSETH:

WHEREAS, there is recorded in the offices of the Registrar of Titles and County Recorder in and for Hennepin County, Minnesota, that certain Declaration of Covenants, Conditions and Restrictions of Skyehill Townhomes as Document Nos. 1478220 and 4718940, respectively (the "Original Declaration"), and

WHEREAS, the Original Declaration established a plan for the use, operation, maintenance, and preservation of the real estate described in Exhibit A attached hereto (the "Property"), and

WHEREAS, the Association and the Owners desire to provide for the preservation of the residential character, value, architectural style, and architectural uniformity of the Property, and for the maintenance of open spaces and other common facilities of Skyehill Townhomes, and

WHEREAS, the Association and the Owners desire to amend and restate the Original Declaration in accordance herewith, and to subject the Property to the Act, and to the covenants,

restrictions, easements, charges, and liens set forth herein, pursuant to the requirements and procedures prescribed by Section 515B.1-102(d) of the Act, and

WHEREAS, the Property (i) is not subject to an ordinance referred to in Section 515B.1-106 of the Act, governing conversions to common interest ownership; (ii) is not subject to a master association as defined in the Act; and (iii) does not include any shoreland, as defined in Minnesota Statutes Section 103F.205.

NOW, THEREFORE, the Association, with the approval of the Owners of at least seventy-five percent of the Units, hereby declares that (i) this Declaration shall constitute covenants to run with the Property, and that the Property and all real estate that may be annexed thereto shall be subject to the Act as a planned community, and shall be held, transferred, sold, conveyed, used, and occupied subject to the covenants, restrictions, easements, charges, and liens set forth herein, all of which shall be binding upon all Persons owning or acquiring any right, title, or interest therein and their heirs, personal representatives, successors, and assigns; and (ii) the Original Declaration shall be revoked and superseded in its entirety by this Declaration upon the recording of this Declaration.

SECTION 1

DEFINITIONS

The following words, when used in the Governing Documents shall have the following meanings (unless the context indicates otherwise):

1.1 "Act" means Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act.

1.2 "Association" means Skyehill Townhomes Association, Inc., a nonprofit corporation created under Minnesota Statutes Chapter 317A, whose members consist of all Owners as defined herein.

1.3 "Assessments" means all assessments levied by the Association pursuant to Section 6, including, without limitation, annual Assessments, special Assessments, and limited Assessments.

1.4 "Board" means the Board of Directors of the Association as provided for in the Bylaws.

1.5 "Building" means a structure which is or becomes a part of the Property and which contains one or more than one Dwelling.

1.6 "Bylaws" means the Amended and Restated Bylaws governing the operation of the Association, as amended from time to time.

1.7. "City" means St. Louis Park, Minnesota.

1.8 "Common Elements" means all parts of the Property except the Units, including all improvements thereon, owned by the Association for the common benefit of the Owners and Occupants. The Common Elements, as of the date of this Declaration, are legally described in Exhibit B attached hereto.

1.9 "Common Expenses" means expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including Assessments and items specifically otherwise identified as Common Expenses in the Declaration or Bylaws.

1.10 "County" means Hennepin County, Minnesota.

1.11 "Dwelling" means a Building, or a part of a Building if there is more than one Dwelling per Building, occupying one or more than one floor, designed and intended for occupancy as a single family residence and located wholly or partially within the boundaries of a Unit. The Dwelling includes, without limitation, any garage attached thereto, or detached therefrom but serving only the residence, or otherwise included within the boundaries of the Unit within which the Dwelling is located.

1.12 "Eligible Mortgagee" means any Person owning a mortgage on any Unit, (i) which mortgage is first in priority upon foreclosure to all other mortgages that encumber such Unit, and (ii) which mortgage holder has requested the Association, in writing, to notify it regarding any proposed action which requires approval by a specified percentage of Eligible Mortgagees.

1.13 "Governing Documents" means this Declaration, and the Articles of Incorporation and Bylaws of the Association, as amended from time to time, all of which shall govern the use and operation of the Property.

1.14 "Limited Common Elements" means a portion of the Common Elements allocated by the Declaration or by operation of Section 515B.2-102(d) or (f) of the Act for the exclusive use of one or more than one Unit, but fewer than all of the Units.

1.15 "Member" means a Person who is a member of the Association by reason of being an Owner as defined in this Declaration. The words "Owner" and "Member" may be used interchangeably in the Governing Documents.

1.16 "Occupant" means any person, other than an Owner, in possession of or residing in a Unit.

1.17 "Owner" means a Person who owns a Unit, but excluding a contract for deed vendor, the holder of a reversionary interest, the holder of a remainder interest in a life estate, a mortgagee, and any other secured party within the meaning of Section 515B.1-103(30) of the Act. The term "Owner" includes, without limitation, a contract for deed vendee and a holder of a life estate.

1.18 "Party Wall" means an exterior and an interior wall (or either) built as part of the original construction of the Dwellings (or reconstructed pursuant to this Declaration) and located on the boundary line between Dwellings.

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

1.20 "Plat" means each plat depicting the Property pursuant to the requirements of the Act, including any amended or supplemental plat, or replat, recorded from time to time in accordance with the Act. The recorded plat(s) for the Property existing as of the date of this Declaration, as amended, shall constitute the Plat.

1.21 "Property" means collectively all of the real property submitted to this Declaration, including the Dwellings and all other improvements located thereon, now or in the future. The Property as of the date of this Declaration is legally described in Exhibit A attached hereto.

1.22 "Rules and Regulations" means the Rules and Regulations of the Association as approved from time to time pursuant to Section 5.6.

1.23 "Unit" means one platted lot as shown on the Plat, including all improvements thereon, but excluding the Common Elements.

Any terms used in the Governing Documents, and defined in the Act and not in this Section, shall have the meaning defined in the Act. References to section numbers in this Declaration shall refer to sections of this Declaration, unless otherwise indicated.

SECTION 2

DESCRIPTION OF UNITS AND BOUNDARIES

2.1 Units. There are thirty-one Units, all of which are restricted to residential use. Each Unit constitutes a separate parcel of real estate. No additional Units may be created by the subdivision or conversion of Units pursuant to Section 515B.2-112 of the Act. The Unit identifiers and locations of the Units are as shown on the Plat, which is incorporated herein by reference, and a schedule of Units is set forth on Exhibit A attached hereto. The Unit identifier for a Unit shall be its lot and block numbers, and subdivision name. No portion of a Unit may be conveyed to any Person separate from any other portion of that Unit.

2.2 Unit Boundaries. The front, rear, and side boundaries of each Unit shall be the boundary lines of each platted lot upon which the Dwelling within the Unit is located or intended to be located, as shown on the Plat. The Units shall have no upper or lower boundaries. Subject to this Section 2 and Section 3.2, all spaces, structures, and other improvements within the boundaries of a Unit are a part of the Unit.

2.3 Appurtenant Easements. The Units and the Common Elements shall be subject to and benefited by the easements described in Section 13.

SECTION 3

COMMON ELEMENTS, LIMITED COMMON ELEMENTS, AND ADDITIONAL PROPERTY

3.1 Common Elements. The Common Elements and their characteristics are as follows:

3.1.1 All portions of the Property not included within the Units constitutes Common Elements. The Common Elements include those parts of the Property described in Exhibit B attached hereto or designated as Common Elements on the Plat or in the Act. The Common Elements are owned by the Association for the benefit of the Owners and Occupants.

3.1.2 The Common Elements shall be subject to appurtenant easements for services, public and private utilities, access, use, and enjoyment in favor of each Unit and its Owners and Occupants, subject to (i) the specific rights of Owners and Occupants in easements for decks and patios designed to serve exclusively their Units and in Limited Common Elements appurtenant to their Units and (ii) the right of the Association to establish reasonable Rules and Regulations governing the use of the Property.

3.1.3 Except as provided to the contrary in this Declaration, all maintenance, repair, replacement, management, and operation of the Common Elements shall be the responsibility of the Association.

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

3.2 Limited Common Elements. The Limited Common Elements are those parts of the Common Elements reserved for the exclusive use of the Owners and Occupants of the Units to which they are allocated. The rights to the use and enjoyment of the Limited Common Elements are automatically conveyed with the conveyance of such Units. The Limited Common Elements are described and allocated to the Units as follows:

3.2.1 Those items or areas designed as Limited Common Elements by the Act are allocated as indicated therein.

3.2.2 Chutes, flues, ducts, pipes, wires, conduit or other utility installations, bearing walls, bearing columns, or any other components or fixtures lying partially within and partially outside the boundaries of a Unit, and serving only that Unit, are allocated to the Unit they serve. Any portion of such installations serving or affecting the function of more than one Unit or any portion of the Common Elements is a part of the Common Elements, but is not a Limited Common Element.

3.2.3 Improvements such as porches, patios, shutters, awnings, window boxes, doorsteps, stoops, perimeter doors and windows, and air conditioning equipment constructed as part of the original construction to serve a single Unit, and replacements

and modifications thereof authorized pursuant to Section 8, if located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit.

3.2.4 Heating, ventilating, or air conditioning equipment serving only a certain Unit or certain Units, and located wholly or partially outside the Unit or Unit's boundaries, are Limited Common Elements allocated to the Unit or Units served by such equipment.

SECTION 4

ASSOCIATION MEMBERSHIP: RIGHTS AND OBLIGATIONS

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

4.1 Membership. Each Owner shall be a Member of the Association solely by virtue of Unit ownership, and the membership shall be automatically transferred with the conveyance of the Owner's interest in the Unit. The Owner's membership shall automatically terminate when the Owner's ownership terminates. When more than one Person is an Owner of a Unit, each such Person shall be a Member, but multiple ownership of a Unit shall not increase the voting rights allocated to such Unit nor authorize the division of the voting rights.

4.2 Voting and Common Expenses. Voting rights are allocated equally among the Units, with one vote allocated to each Unit. Subject to Sections 6.4, 9, and 11, Common Expense obligations are allocated equally among the Units.

4.3 Appurtenant Rights and Obligations. The ownership of a Unit shall include the voting rights and Common Expense obligations described in Section 4.2. Said rights and obligations, and the title to the Units, shall not be separated nor conveyed separately. Any conveyance, encumbrance, judicial sale, or other transfer of any interest in a Unit, which is separate from the title to the Unit, shall be void. The allocation of the rights and obligations described in this Section 4 may not be changed, except in accordance with the Governing Documents and the Act.

4.4 Authority to Vote. The Owner, or some natural Person designated to act as proxy on behalf of the Owner and who need not be an Owner, may cast the vote allocated to such Owner's Unit at meetings of the Association; provided, that if there are multiple Owners of a Unit, only the Owner or other Person designated pursuant to the provisions of the Bylaws may cast such vote. The voting rights of Owners are more fully described in Section 3 of the Bylaws.

SECTION 5

ADMINISTRATION

The administration and operation of the Association and the Property, including but not limited to the acts required of the Association, shall be governed by the following provisions:

5.1 General. The operation and administration of the Association and the Property shall be governed by the Governing Documents and the Act. The Association shall, subject to the rights of the Owners set forth in the Governing Documents and the Act, be responsible for the operation, management, and control of the Property. The Association shall have all powers described in the Governing Documents, the Act, and the statute under which the Association is incorporated. All power and authority of the Association shall be vested in the Board, unless action or approval by the individual Owners is specifically required by the Governing Documents or the Act. All references to the Association shall mean the Association acting through the Board, unless specifically stated to the contrary.

5.2 Operational Purposes. The Association shall operate and manage the Property for the purposes of (i) administering and enforcing the covenants, restrictions, easements, charges, and liens set forth in the Governing Documents and the Rules and Regulations, (ii) improving, maintaining, repairing, and replacing those portions of the Property for which it is responsible, and (iii) preserving the value and architectural uniformity and character of the Property.

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

5.4 Bylaws. The Association shall have Bylaws. The Bylaws, and any amendments thereto, govern the operation and administration of the Association and shall be binding upon all Owners and Occupants, and need not be recorded.

5.5 Management. The Board may delegate to a manager or managing agent the management duties imposed upon the Association's officers and directors by the Governing Documents and the Act; provided, however, that such delegation shall not relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and by law.

5.6 Rules and Regulations. The Board shall have exclusive authority to approve and implement such reasonable Rules and Regulations as it deems necessary from time to time for the purpose of operating and administering the Association and regulating the use of the Property; provided, that the Rules and Regulations must be reasonable, lawful, and consistent with the Governing Documents and the Act. The inclusion in other parts of the Governing Documents of authority to approve Rules and Regulations shall be deemed to be in furtherance, and not in limitation, of the authority granted by this Section. New or amended Rules and Regulations shall be effective only after reasonable notice thereof has been given to the Owners.

5.7 Association Assets; Surplus Funds. All funds and real or personal property acquired by the Association shall be held and used for the benefit of the Owners for the purposes stated in the Governing Documents. Surplus funds remaining after payment of or provision for Common Expenses and reserves shall be credited against future Assessments or added to reserves, as determined by the Board.

5.8 Resale Disclosure Certificates. Pursuant to Section 515B.4-107 of the Act, in the event of a resale of a Unit by an Owner, that Owner shall furnish to the purchaser a resale disclosure certificate containing the information required by Section 515B.4-107(b) of the Act. Pursuant to Section 515B.4-107(d) of the Act, the Association, within ten days (or such other relevant time period provided in the Act) after a request by an Owner or the Owner's authorized representative, shall furnish the resale disclosure certificate. The Association may charge a reasonable fee for furnishing the resale disclosure certificate and any documents related thereto.

SECTION 6

ASSESSMENTS

6.1 General. Assessments shall be determined and assessed against the Units by the Board, in its discretion, subject to the requirements and procedures set forth in this Section 6, and the requirements of the Bylaws. Assessments shall include annual Assessments under Section 6.2, and may include special Assessments under Section 6.3 and limited Assessments under Section 6.4. Annual and special Assessments shall be allocated among the Units in accordance with the allocation formula set forth in Section 4.2. Limited Assessments under Section 6.4 shall be allocated to Units as set forth in that Section.

6.2 Annual Assessments. Annual Assessments shall be established and levied by the Board. Each annual Assessment shall cover all of the anticipated Common Expenses of the Association for that year which are to be shared by all Units in accordance with the allocation formula set forth in Section 4.2. Annual Assessments shall be payable in equal monthly or quarterly installments as the Board determines in its discretion. Annual Assessments shall provide, among other things, an adequate reserve fund for the maintenance, repair, and replacement of those parts of the Units for which the Association is responsible to maintain, repair, or replace. Except for (i) the variations authorized by Section 6.4 and (ii) increases in premiums on insurance carried by the Association, the increase in the annual Assessment for any fiscal year shall not exceed the greater of (i) ten percent of the prior year's annual Assessment or (ii) the percentage increase in the National Bureau of Labor Statistics Consumer Price Index for the Minnesota Twin City Metropolitan Area (or comparable index if not available) for the most recent available year, unless the increase is approved by the vote of a majority of those Owners voting, in person or by proxy, at a meeting called for that purpose, or voting by written ballot.

6.3 Special Assessments. In addition to annual Assessments, and subject to the limitations set forth hereafter, the Board may levy in any Assessment year a special Assessment against all Units in accordance with the allocation formula set forth in Section 4.2. Among other things, special Assessments shall be used for the purpose of defraying in whole or in part (i) the cost of any unforeseen and unbudgeted Common Expense, (ii) general or specific reserves for maintenance, repair, or replacement, and (iii) the maintenance, repair, or replacement of any part

of the Property, and any fixtures or other property related thereto. Notwithstanding the foregoing, each special Assessment shall be subject to approval by the vote of a majority of those Owners voting, in person or by proxy, at a meeting called for that purpose, or voting by written ballot. A special Assessment may be payable in more than one year and in more than one installment.

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

6.4.1 Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element may be assessed exclusively against the Unit or Units to which that Limited Common Element is assigned, equally or on such other fair basis that the Board shall determine.

6.4.2 Any Common Expense benefiting fewer than all of the Units may be assessed exclusively against the Unit or Units benefited, equally, according to the cost for each Unit, or on such other fair basis that the Board shall determine.

6.4.3 The costs of insurance maintained by the Association may be assessed equally, in proportion of the square footage, or by actual cost per Unit.

6.4.4 The costs of common utilities may be assessed equally among all Units or among one or more than one group of Units, in proportion to usage (due to waste, or otherwise), or pursuant to such other reasonable allocation as may be approved by the Board.

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

6.4.6 Late charges, fines, and interest may be assessed as provided in Section 14.

6.4.7 Assessments levied under Section 515B.3-116(a) of the Act to pay a judgment against the Association may be levied only against the Units existing at the time the judgment was entered, in proportion to their Common Expense liabilities.

6.4.8 If any damage to the Property is caused by the act or omission of any Owner or Occupant, or his or her guests, the Association may assess the costs of repairing the damage, or any increase in insurance rates directly attributable to the act or omission, exclusively against the Owner's Unit to the extent that the damage is not covered by insurance.

6.4.9 If any Assessment or installment of an Assessment becomes more than thirty days past due, then the Association may, upon at least ten days written notice to the Owner, declare the entire amount of the Assessment immediately due and payable in full.

6.4.10 If Common Expense liabilities are reallocated for any purpose authorized by the Act, Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.

Assessments levied under Sections 6.4.1 through 6.4.7 may, at the Board's discretion, be assessed as a part of, or in addition to, the other Assessments levied under Section 6.

6.5 Liability of Owners for Assessments. The obligation of an Owner to pay Assessments with respect to the Owner's Unit shall commence at the time that the Owner takes title to the Unit. The Owner at the time an Assessment or an installment thereof is payable with respect to the Unit is personally liable for the share of the Common Expenses assessed against such Unit. The Owners' liability is joint and several where there are multiple Owners of a Unit. The liability is absolute and unconditional. No Owner is exempt from liability for payment of Assessments by right of set-off, by waiver of use or enjoyment of any part of the Property, by absence from or abandonment of the Unit, by the waiver of any other rights, by reason of any claim against the Association or its officers, directors or agents, or by reason of the Association's failure to fulfill any duties under the Governing Documents or the Act.

6.6 Assessment Lien. The Association has a lien on a Unit for any Assessment levied against that Unit from the time the Assessment becomes due. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment thereof becomes due. Fees, charges, late charges, fines, and interest charges imposed by the Association as authorized by Section 515B.3-102(a)(10), (11), and (12) of the Act are liens, and are enforceable as Assessments, under this Section 6. Recording of the Declaration constitutes record notice and perfection of any lien under this Section, and no further recordation of any notice of or claim for the lien is required. The release of the lien shall not release the Owner from personal liability unless agreed to in writing by the Association.

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

6.8 Lien Priority; Foreclosure. A lien for Assessments is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances recorded before the recording of this Declaration, (ii) any first mortgage on the Unit, and (iii) liens for real estate taxes and other governmental assessments or charges against the Unit. Notwithstanding the foregoing, if (i) a first mortgage on a Unit is foreclosed, (ii) the first mortgage was recorded after June 1, 1994, and (iii) no Owner redeems during the Owner's period of redemption provided by Minnesota Statutes Chapter 580, 581, or 582, then the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage shall take title to the Unit subject to the Association's lien against the Unit

for unpaid Assessments levied pursuant to Sections 515B.3-115(a), (e)(1) to (3), (f), and (i) of the Act which became due, without acceleration, during the six months immediately preceding the first day following the end of the Owner's period of redemption.

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

6.10 Governmental Assessments. If a governmental assessment or other charge is levied against any Units or the Common Elements for improvements to roadways, utilities, or other infrastructure improvements serving the Property, the Association shall have authority, but shall not be obligated, to allocate and levy such assessments or charges equally against all Units, notwithstanding the fact that the levy made by the City or other governmental authority affects only certain of the Units or the Common Elements.

6.11 Real Estate Taxes and Assessments. Real estate taxes, special assessments, and other charges and fees which would normally be levied against the Common Elements by governmental authorities, shall be allocated equally among and levied against the Units, and shall be a lien against each Unit in the same manner as a lien for real estate taxes and real estate special assessments levied against the Unit alone

SECTION 7

RESTRICTIONS ON USE OF PROPERTY

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

7.1 General. The Property shall be owned, conveyed, encumbered, leased, used, and occupied subject to the Governing Documents and the Act, as amended from time to time. All covenants, restrictions, and obligations set forth in the Governing Documents are in furtherance of a plan for the Property, and shall run with the Property and be a burden and benefit to all Owners and Occupants and to any other Person acquiring or owning an interest in the Property, their heirs, personal representatives, successors, and assigns.

7.2 Subdivision or Conversion Prohibited. A Unit shall not be subdivided or converted by the Owner of the Unit into two or more Units, Limited Common Elements, Common Elements, or any combination thereof. Except as permitted by the Act, no part of the Common Elements may be subdivided, partitioned, or converted.

7.3 Residential Use. The Units shall be used by Owners and Occupants and their guests exclusively as private, single family residential dwellings, and not for transient, hotel, commercial, business, or other non-residential purposes, except as provided in Section 7.4. Any lease of a Unit for a period of less than twelve months, or any occupancy which includes services customarily furnished to hotel guests, shall be presumed to be for transient purposes. Garages shall not be used for living or sleeping quarters.

7.4 Business Use Restricted. No business, trade, occupation, or profession of any kind, whether carried on for profit or otherwise, shall be conducted, maintained, or permitted in any Unit or the Common Elements, except as follows:

7.4.1 An Owner or Occupant residing in a Unit may maintain a home occupation in such Unit; provided, that such use (i) is incidental to the residential use; (ii) does not involve physical alteration or improvement of the Unit visible from the exterior of the Unit; (iii) is in compliance with all governmental laws, ordinances, and regulations; (iv) does not involve observable business activity such as signs, advertising displays, unusual numbers of deliveries, or unusual levels of pedestrian or vehicular traffic to and from the Unit; (v) does not involve employees, independent contractors, or consultants (other than an Owner or Occupant of the Unit); and (vi) does not otherwise involve activity which disturbs the quiet enjoyment of the other Units by their Owners or Occupants.

7.4.2 The Association may maintain offices on the Property for management and related purposes

7.5 Leasing. Skyehill Townhomes is intended and designed to be an Owner occupied single-family residential development. It is deemed to be in the long-term best interests of the Association and the Owners that Skyehill Townhomes remain Owner occupied. Consistent with those objectives, each Unit must be owned exclusively for Owner occupancy, and not for investment or other purposes. Except as authorized by this Section 7.5, each Unit shall, at all times, (i) not be leased or rented (regardless of whether consideration is paid in connection with the lease or rental) and (ii) be occupied by at least one Owner of the Unit or be vacant. A Unit that is not occupied by an Owner of that Unit, and that is leased or otherwise occupied (for consideration or otherwise) by a person or entity other than an Owner of that Unit, as of the date of recording of this Declaration, is referred to hereinafter as an "Exempt Unit."

7.5.1. An Owner of an Exempt Unit shall be exempt from the leasing, rental, and occupancy restrictions set forth in this Section 7.5 (except for Section 7.5.3) as to the Exempt Unit until the date that each Owner of the Exempt Unit is no longer an Owner of the Exempt Unit. The Association shall, as soon as practical after the recording of this Declaration, implement reasonable procedures by which each Owner must notify the Association in writing of the leasing, rental, and occupancy status of that Owner's Unit as of the date of recording of this Declaration and to verify the ownership status of that Unit.

7.5.2. The Association may, but is not obligated to, grant to an Owner an exemption to the leasing, rental, and occupancy restrictions set forth in this Section 7.5,

upon written application by the Owner to the Association, under the following circumstances:

7.5.2.1. An Owner who is transferred out of the Minneapolis-St. Paul metropolitan area (including, but not limited to, the City) by the Owner's employer, and who has a reasonable basis to believe that he or she will reoccupy that Owner's Unit within two years following the date of transfer, may lease that Unit only during the actual time period that the Owner is out of Minneapolis-St. Paul Metropolitan area (including, but not limited to, the City) due to said transfer, but only up to a maximum of two years following the first date of transfer. The Association may require that the Owner sign an agreement prior to transfer which describes the conditions for allowing that alternative occupancy arrangement.

7.5.2.2. An Owner who has been accepted for an educational program sponsored by a bona fide, accredited educational institution, or who has been granted a sabbatical leave for educational purposes, which will take the Owner out of the Minneapolis-St. Paul metropolitan area (including, but not limited to, the City), and who has a reasonable basis to believe that he or she will reoccupy that Owner's Unit within one year following the date of departure, may lease that Unit only during the actual time period that the Owner is out of Minneapolis-St. Paul Metropolitan area (including, but not limited to, the City) due to said educational reasons, but only up to a maximum of one year following the date of departure. The Association may require that the Owner sign an agreement prior to departure which describes the conditions for allowing that alternative occupancy arrangement.

7.5.2.3. An Owner who has a family medical emergency, or who is the family's sole care giver, and must leave the Minneapolis-St. Paul metropolitan area (including, but not limited to, the City) in order to take care of a medical or care emergency, and who has a reasonable basis to believe that he or she will reoccupy that Owner's Unit within one year following the date of departure, may lease that Unit only during the actual time period that the Owner is out of Minneapolis-St. Paul Metropolitan area (including, but not limited to, the City) due to such leave, but only up to a maximum one year following the first date of the leave. The Association may require that the Owner sign an agreement prior to departure which describes the conditions for allowing that alternative occupancy arrangement.

7.5.2.4. An Owner who is a member of the United States military service who is transferred out of the Minneapolis-St. Paul metropolitan area (including, but not limited to, the City) by reason of such service, and who has a reasonable basis to believe that he or she will re-occupy that Owner's Unit within three years following the date of transfer, may lease that Unit only during the actual time period that the Owner is out of Minneapolis-St. Paul Metropolitan area (including, but not limited to, the City) due to such service, but only up to a

maximum of three years following the first date of the transfer. The Association may require that the Owner sign an agreement prior to departure which describes the conditions for allowing that alternative occupancy arrangement.

7.5.2.5. Upon request by an Owner, the Association may grant additional or extended exemptions to the leasing, rental, and occupancy restrictions set forth in this Section 7.5, based upon criteria for situations comparable to those described above. Those situations include, but may not be limited to, those involving Owners requesting to lease their Units to members of their family, or those involving an Owner who conveys all or a portion of the title to that Owner's Unit to that Owner's child, but which Owner continues to live in that Unit for a period of time. The Association may require that the Owner sign an agreement prior to departure which describes the conditions for leasing the Owner's Unit or allowing an alternative occupancy arrangement.

7.5.2.6. In addition to the foregoing exemptions that may be granted by the Association to the leasing, rental, and occupancy restrictions set forth in this Section 7.5, and notwithstanding anything to the contrary in this Declaration, the Association may, in its discretion and upon request by an Owner, grant to the requesting Owner an exemption to such restrictions in the event that the Owner meets the following criteria: (i) the Owner has owned that Owner's Unit for at least one year prior to the request, (ii) the Owner's Unit is, at the time of the request, listed for sale with a real estate broker licensed in the state of Minnesota and has been listed with that broker for sale for at least four months prior to the date of the request, and (iii) a copy of the listing agreement entered between the Owner and that real estate broker is provided to the Association at the time of the request. If those criteria are met by the Owner, the Association may, in its discretion, grant to that Owner an exemption to the leasing, rental, and occupancy restrictions set forth in this Section 7.5 for a maximum of one year following the date of the request (which time period may, upon request of the Owner, be renewed at the discretion of the Association); provided, that in no event shall the exemption from such restrictions be effective following the date of the closing of the sale of Unit by the requesting Owner.

7.5.3. In the event an Owner is allowed to lease that Owner's Unit pursuant to the terms of this Section 7.5, the leasing shall be subject to the following additional conditions: (i) the Unit shall not be subleased, (ii) the Unit must be leased in its entirety (not by room), (iii) the lease shall be in writing, (iv) unless otherwise required in connection with the financing, guarantee, or insuring of a Unit mortgage, and except for the leasing of a Unit owned by the Association and for a first mortgagee holding title to the Unit following a foreclosure of its mortgage against the Unit or the granting of a deed to the Unit in lieu of foreclosure, no lease shall be for a period less than twelve months, except for extenuating situations approved by the Board, (v) the lease shall provide that it is subject to the Governing Documents, the Rules and Regulations, and the Act (all as may be amended from time to time, and that any failure of the lessee to comply with the terms of such documents shall be a default under the lease, (vi) prior to occupancy of the

Unit by the lessee(s), the Association shall receive a copy of the fully-signed lease along with a written list of the name and telephone number of each Person who will occupy the Unit under the lease, and the absentee address of the leasing Owner, and (vii) the Unit shall not be leased for transient or hotel purposes (any lease of the Unit for a period of less than twelve months, or any occupancy which includes services customarily furnished to hotel guests, shall be presumed to be for transient purposes). The Association may impose such reasonable Rules and Regulations as may be necessary to implement procedures for the leasing of the Unit, consistent with this Section 7.5 and applicable law, including, but not limited to, (i) a requirement for a form addendum to be attached to each lease to assure that the rights and authority of the Association and Owners are recognized, and (ii) a requirement for the screening of lessees through a reputable, professional screening organization; provided, that such screening shall not violate federal, state, or local discrimination laws.

7.6 Delegation of Use. An Owner may delegate, in accordance with the Governing Documents, the Owner's right of use and enjoyment of the Unit to Persons living in the Unit pursuant to a legal right of possession; provided, that such Persons shall be subject to the Governing Documents and the Rules and Regulations. If lessees, or other Persons other than the Owner or the Owner's family, have been given the legal right to possess the Owner's Unit, then those Persons shall have the right to use any common recreational facilities, parking, storage, and other amenities on the Property in lieu of the Owner and the Owner's family.

7.7 Parking. Garages and other parking areas on the Property shall be used only for parking of vehicles owned or leased by Owners and Occupants and their guests, and such other incidental uses as may be authorized in writing by the Association. Garages and other parking areas shall not be converted to other uses or used for storage or other purposes which would prevent the parking of automobiles or similar vehicles in the garages and parking areas. The use of garages, driveways, and other parking areas on the Property, and the types of vehicles and personal property permitted thereon, shall be subject to regulation by the Association, including without limitation, the right of the Association to tow illegally parked vehicles or to remove unauthorized personal property.

7.8 Pets. The Board shall have the exclusive authority to regulate or prohibit, by Rules and Regulations, the keeping of animals on the Property; provided, that the Board may only permit dogs (except Rottweillers, Pitbulls, or Doberman Pinschers), cats, small birds, small fish, and other animals generally recognized as common domestic house pets (collectively referred to as "pets"). The word "animal" herein shall be construed in its broadest sense and shall include all living creatures except humans. The following conditions shall apply to all pets allowed by the Board to be kept on the Property:

7.8.1 Rules and Regulations may be adopted by the Association to prohibit or regulate pets on the Property including, but not limited to, the type and number of pets allowed to be kept in a Unit.

7.8.2 Pets shall be kept solely as common domestic house pets and/or as statutorily authorized "service animals" used by handicapped persons, and not for any

other purpose. No animal of any kind shall be raised or bred, or kept for business or commercial purposes, by any Person upon any part of the Property.

7.8.3 Pets shall not be allowed to make an unreasonable amount of noise, nor to become a nuisance or a threat to the safety of Owners, Occupants, and their guests.

7.8.4 Pets shall be housed only within the Dwellings, and shall not be kept in the garage within a Dwelling. No structure, fence (including, but not limited to, an above ground fence, or an underground "invisible fence") or enclosure for the care, housing, or confinement of any pet shall be constructed or maintained on any part of the Property, except as approved pursuant to Section 8.

7.8.5 Pets shall be under control at all times when outside the Dwelling, and either in a pet carrier or on a leash.

7.8.6 The Board shall have authority to determine in its sole and absolute discretion whether a particular pet shall be permanently removed from the Property based upon the pet's behavior or the failure of the pet's owner to comply with (i) this Section 7, (ii) applicable governmental restrictions, laws, or ordinances, or (iii) any additional restrictions approved by the Board; provided, that such removal shall be subject to Section 14.3.

7.8.7 Owners and Occupants keeping pets within their Units are responsible for the pet's behavior and for complying with municipal pet laws, ordinances, and regulations. An Owner is liable to the Association for the cost of repair of any damage to the Property, or the damages and expenses associated with any personal injury, caused by an animal (i) kept by that Owner on the Property, (ii) kept on the Property by an Occupant of that Owner's Unit, or (iii) brought upon the Property by a guest or invitee of that Owner or that Occupant. The owner of that animal (if not that Owner) shall also be liable for such costs, damages, and expenses.

7.8.8 Any fine, or costs for repair or injury, imposed upon an Owner for a failure to comply with any pet restrictions shall be charged to the Owner and shall be an Assessment against the Owner's Unit.

7.9 Signs and Personal Property. The erection, keeping, or use of signs and personal property on the exterior of a Dwelling, or other parts of a Unit visible from the exterior, shall be subject to review and regulation as provided in Section 8.

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

7.11 Conformance with Law. No use shall be made of the Property which would violate any then existing municipal codes or ordinances, or state or federal laws, nor shall any act or use be permitted which could cause waste to the Property, cause a material increase in

insurance rates on the Property, or otherwise cause any unusual liability, health or safety risk, or expense, for the Association or any Owner or Occupant.

7.12 Alterations. Alterations, changes, improvements, repairs, or replacements of any type, temporary or permanent, structural, decorative, or otherwise (collectively referred to as "alterations"), shall not be made, nor caused or allowed to be made, by any Owner or Occupant, or their guests, in any part of the Common Elements, or in any part of the Unit which affects the Common Elements or another Unit, or which is visible from the exterior of the Unit, without the prior written authorization of the Board, or a committee appointed by it, as provided in Section 8. The Board, or the appointed committee if so authorized by the Board, shall have authority to establish reasonable criteria and requirements for alterations, and shall be the sole judge of whether the criteria are satisfied.

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

7.14 Access to Units. In case of emergency, the Units and Limited Common Elements are subject to entry, without notice and at any time, by an officer or member of the Board of the Association, by the Association's management agents, or by any public safety personnel. Such entry is also authorized for maintenance purposes under the conditions prescribed in Section 9 and for enforcement purposes under Section 14.

7.15 Garbage and Recycling Hauling. The Association has the authority to enter into a contract with one or more than one garbage and recycling hauler to service all of the Units, or to require the Owners to contract with a certain garbage and recycling hauler. The primary purpose for that authority is to limit the number of garbage and recycling haulers having access to Skyehill Townhomes, thereby limiting traffic congestion and safety hazards. The Owners shall comply with the requirements set by the Association pursuant to this Section 7.15.

SECTION 8

ARCHITECTURAL STANDARDS

8.1 Restrictions on Alterations. One of the purposes of this Declaration is to ensure that those parts of the Units which are visible from the exterior be kept architecturally attractive and uniform in appearance. Therefore, except as set forth in Section 8.5, the following restrictions and requirements shall apply to alterations on the Property:

8.1.1 Except as expressly provided in this Section 8, and subject to Section 8.5 and any limitations provided by law, no modifications, improvements, repairs or replacements of any type, whether temporary or permanent, structural, aesthetic, or otherwise (collectively referred to as "alterations"), including, but not limited to, any structure, building, addition, deck, patio, fence, wall, enclosure, window, exterior door, antenna or other type of sending or receiving apparatus, sign, flag, display, decoration, color change, shrubbery, material topographical or landscaping change, nor any other improvements to or alterations of any Unit which (i) affects the Limited Common Elements, or another Unit, or (ii) is visible from the exterior of the Unit, shall be, or

caused or allowed to be, commenced, erected, or maintained in any part of the Common Elements or in any Unit unless and until the plans and specifications showing the nature, kind, shape, height, color, materials, and locations of the alterations shall have been approved in writing by the Board or a committee appointed by it.

8.1.2 The Board may appoint, supervise, and disestablish an architectural committee, and specifically delegate to that committee part or all of the functions which the Board exercises under this Section 8, in which case the references to the Board shall refer to the architectural committee where appropriate. The architectural committee shall be subject to the supervision of the Board.

8.1.3 The Board shall establish the criteria for approval of alterations, which shall include and require, at a minimum:

8.1.3.1 substantial uniformity of color, location, type, and design in relation to existing Units,

8.1.3.2 comparable or better quality of materials as used in existing improvements on the Property,

8.1.3.3 ease of maintenance and repair,

8.1.3.4 adequate protection of the Property, the Association, Owners, and Occupants from liability and liens arising out of the proposed alterations,

8.1.3.5 substantial preservation of other Owners' sight lines, if material, and

8.1.3.6 compliance with governmental laws, codes, and regulations.

8.1.4 The Board, or the appointed architectural committee if so authorized by the Board, shall be the sole judge of whether such criteria are satisfied. The purpose of the criteria established by the Board shall be (i) to preserve the architectural style and uniformity, the quality, and value of the Property, and (ii) to protect the Association and the Owners from undue liability arising out of the alterations or any construction activity in connection therewith.

8.1.5 Alterations may be made in compliance with Section 515B.2-113 of the Act, and relocation of the boundaries of the Units may be made in compliance with Section 515B.2-114 of the Act.

8.1.6 Approval of alterations which encroach upon another Unit or the Common Elements shall create an appurtenant easement for such encroachment in favor of the Unit with respect to which the alterations are approved, notwithstanding any contrary requirement in the Governing Documents or the Act. A file of the resolutions approving all alterations shall be maintained permanently as a part of the Association's records.

8.2 Review Procedures. The following procedures shall govern requests for alterations under this Section:

8.2.1 Detailed plans, specifications, and related information regarding any proposed alteration, in form and content acceptable to the Board, shall be submitted to the Board prior to the projected commencement of construction. No alterations shall be commenced prior to approval.

8.2.2 The Board shall give the Owner written notice of approval or disapproval. The Board's failure to provide a written approval or disapproval shall not be deemed to be an approval by the Board.

8.2.3 If no request for approval is submitted, approval shall be deemed to be denied.

8.3 Remedies for Violations. The Association may undertake any measures, legal or administrative, to enforce compliance with this Section and shall be entitled to recover from the Owner causing or permitting the violation all attorneys' fees and costs of enforcement incurred by the Association, whether or not a legal action is started. Such attorneys' fees and costs shall be a lien against the Owner's Unit and a personal obligation of the Owner. In addition, the Association shall have the right to enter the Owner's Unit and shall hereby have an easement on and over said Unit, to restore any part of the Unit to its prior condition if any alterations were made in violation of this Section, and the cost of such restoration shall be a personal obligation of the Owner and a lien against the Owner's Unit.

8.4 Hold Harmless. The Owner who causes an alteration to be made, regardless of whether the alteration is approved by the Board, shall be solely responsible for the construction standards and specifications relating to the alteration, and the construction work. The Owner, and not the Association, is responsible for determining whether any alteration is in violation of any restrictions imposed by any governmental authority having jurisdiction over the Property. The Owner shall hold harmless, defend, and indemnify the Association, and its former, present, and future officers, directors, other Members, and agents from and against any expenses, claims, damages, losses, or other liabilities, including, without limitation, attorneys' fees and costs of litigation, arising out of (i) any alteration which violates any governmental laws, codes, ordinances, or regulations, (ii) the adequacy of the specifications for construction of the alterations, and (iii) the construction of the alterations.

8.5 Exemptions. The requirements set forth in this Section 8 (except Section 8.4) shall not apply to the following:

8.5.1 Antennas. The following antennas may be installed on a Unit, as permitted by applicable federal law: (i) one antenna one meter or less in diameter for the purpose of receiving direct broadcast/satellite service or video programming services, or (ii) any antenna for receiving television broadcast signals. However, the Board or an architectural committee appointed by it may require that the antenna be installed so as to minimize its visibility from the front of the Unit and otherwise camouflage its appearance, unless such requirements would (i) unreasonably delay installation, (ii) unreasonably increase the cost of installation, maintenance, or use of the antenna, or (iii) preclude reception of an acceptable quality signal. Such installation shall be subject to all governmental laws, codes and ordinances, including any limit on the height of television

broadcast antennas. The Board shall have authority to impose further, reasonable requirements consistent with law. The Owner or Occupant of the Unit shall perform and pay for the installation, maintenance, and repair of the installation.

8.5.2 Flags. Notwithstanding anything to the contrary in this Declaration, the flags of the United States and Minnesota may be displayed as allowed by law, but subject to any relevant Rules and Regulations established by the Association.

SECTION 9

MAINTENANCE

9.1 Maintenance by Association. Subject to Section 6.4, the Association shall, at its expense, maintain, repair, and replace (collectively referred to as "maintain" or "maintenance") the Common Elements and all improvements thereon. In addition, for the purpose of preserving the architectural character, quality, and uniform and high standards of appearance for the Property, the Association shall, subject to Section 9.2, maintain the exteriors of the Dwellings and Units in accordance with this Section 9, as follows:

9.1.1 Maintenance of siding, soffits, fascia, trim, masonry, brick, railings, house numbers, and laundry, bath, and cooking vent covers, and combustion air vent covers. Such maintenance shall include caulking, tuckpointing, and related maintenance, as applicable.

9.1.2 Maintenance of roofs and roof decking (exclusive of structural supports), including, without limitation, shingles, vents, and flashings; maintenance of gutters, rain diverters, and downspouts; and remove ice dams and snow from roofs but only if the Association determines that ice dams are causing leaks into the interior of Dwellings.

9.1.3 Maintenance of driveways, concrete aprons adjacent to garages, front entry steps, sidewalks, concrete patios, retaining walls, and mailboxes adjacent to driveways.

9.1.4 Lawn and landscaping maintenance (watering shall be at the Association's option); and shrubbery trimming, removal, and replacement, all in accordance with the policies established by the Association. For the purposes of watering such lawn, trees, and shrubs, the Association has the authority to draw water from exterior sillcocks on the Dwellings; provided, that the Association rotates such water drawing among all Dwellings on a schedule or other reasonable means so as to approximately equalize the amount of water taken from each Dwelling over the course of a watering season.

9.1.5 Paint the exteriors of the Dwellings (except all portions of windows and doors and their frames; screens; trim; and any portion of decks and any structures supporting decks).

9.1.6 Maintenance of sewer and water lines, whether or not underground, that exist between the Common Elements and the exterior surface of a Dwelling or the foundation of the Dwelling.

9.1.7 Maintenance of all plumbing and sewer systems, wiring, valves, disconnects and related devices, that serve more than one Unit, whether or not underground.

9.1.8 Tree trimming and tree replacement; and snow removal on driveways, front entry walks, and front entry stoops, all in accordance with the snow removal policies established by the Association.

9.1.9 Maintenance of irrigation systems as originally installed within a Unit or as installed by the Association (in the event that any valves, controllers, or any other portion of any such irrigation systems are located within a Dwelling, the Owner of that Dwelling shall, upon reasonable notice to that Owner by the Association, provide access to that Dwelling by the Association or the Association's agents, contractors, or vendors, for the purpose of performing maintenance of any portion of any such irrigation systems).

All maintenance performed by the Association under this Section 9 shall be funded by annual Assessments or, if necessary, special Assessments, unless otherwise provided in this Section 9. Notwithstanding the foregoing, the Association reserves the right to assess and allocate the cost of any maintenance performed under this Section 9 to one or more than one Unit, and charge such cost to the Owner of each such Unit, pursuant to Section 6.4.

The Association shall have easements as described in Section 13 to perform its obligations under this Section 9.1, and added pursuant to Section 9.3. The Association may, by Rules and Regulations, further define its obligations within the categories of maintenance obligations set forth in this Section 9.1 or added pursuant to Section 9.3.

9.2 Excluded Maintenance. Unless authorized under Sections 9.1 or Section 9.3, the Association's maintenance obligations shall exclude Dwelling walls, floors, ceilings, and all other structural elements; insulation; foundations and foundation walls; all portions of decks and deck support systems (including, but not limited to, deck flooring, railings, spindles, stairs, stair systems, posts, footings, ledger boards, and skirt boards); garage floors (but not concrete aprons adjacent to garages); garage door hardware, openers, and weatherstripping; all glass; all portions of patio doors and patio door frames, tracks, and hardware; all portions of storm windows and all other types of windows (including, but not limited to, sashes, frames, and hardware); screens; trim; caulking; front, rear, and side entry doors; storm doors; service doors; garage doors; all door frames; all door hardware; privacy walls; chimneys; flues; flue and chimney cleaning; mechanical, electrical, plumbing, and sewer systems; irrigation systems installed by an Owner within a Unit; the cleaning of dirt and lint from exterior laundry vent screens and flappers on the roofs; air conditioners and all related equipment and lines, as well as pads/support bases; drain tile systems, sump pumps, and related discharge systems; light fixtures; light bulb replacement; faucets; and any other items not specifically required to be maintained by the Association under Section 9.1 and added pursuant to Section 9.3.

9.3 Optional Maintenance by Association. In addition to the maintenance described in Section 9.1, the Association may, with the approval of a majority of those Owners voting, in person or by proxy, at a meeting called for such purposes, or by written ballot, provide additional

exterior maintenance to the Units or Dwellings. No amendment to this Declaration shall be required to establish the Association's additional maintenance obligations approved pursuant to this Section 9.3.

9.4 Maintenance by Owner. Except for the exterior maintenance required to be provided by the Association under Section 9.1 or Section 9.3, all maintenance of the Units and any Limited Common Elements related thereto shall be the sole obligation and expense of the Owners thereof. Owners shall keep and maintain their Units and related Limited Common Elements in good, clean, sanitary, and repaired condition, and in compliance with all applicable government requirements, and the Rules and Regulations. Owners shall perform all of their obligations under this Section 9.4 in such a manner as not to (i) damage the Property, (ii) unreasonably disturb or cause a hazard to other Persons occupying or using the Property, or (iii) cause waste or unreasonable use of common utilities or utilities that serve the Unit but that are commonly metered. The Association may require that any exterior maintenance of the Units to be performed by the Owner be accomplished pursuant to specific criteria established by the Association. The Association may also undertake any maintenance of the Unit which affects the exterior of the Unit, or another Unit, or the Common Elements, which the responsible Owner fails to or improperly performs and assess the Unit and the Owner for the cost thereof. Such cost shall be a personal obligation of the Owner and a lien against the Owner's Unit. Owners and Occupants shall promptly notify the Association of defects in or damage to those parts of the Property which the Association is obligated to maintain.

9.5 Damage Caused by Owner. Notwithstanding any provision to the contrary in this Declaration, if, in the judgment of the Association, the need for maintenance of any part of the Property is caused by the willful or negligent act or omission of an Owner or Occupant, or their guests, or by a condition in a Unit which the Owner or Occupant has willfully or negligently allowed to exist, the Association may cause such damage or condition to be repaired or corrected (and enter upon any Unit to do so). The cost of the repair or correction may be assessed against the Unit of the Owner responsible for the damage, and shall be a personal obligation of the Owner and a lien against that Owner's Unit. Notwithstanding the foregoing, in the case of a Party Wall, the Owners of the Units sharing the Party Wall shall be liable as provided in Section 10.

9.6 Easements for Maintenance. Each Unit and the Common Elements and Limited Common Elements are subject to appurtenant easements in favor of the Association for maintenance and reconstruction of the Property for which the Association has responsibility. Each Owner shall afford to the Association and its management agents and employees, access at reasonable times and upon reasonable notice, to and through the Unit and its Limited Common Elements for maintenance; provided, that access may be had without notice and at any time in case of emergency.

9.7. Waste of Common Utilities or Commonly Metered Utilities. An Owner or Occupant of a Unit shall not cause waste, or unreasonable use, of common utilities or utilities that serve the Unit but which are commonly metered. In the event the Association determines that such waste or unreasonable use is occurring, the Association shall have the authority to levy against the Unit (under Section 6.4, or otherwise), and charge to that Owner, the costs, charges, and fees (whether billed by the utility provider, or otherwise) associated with that waste or

unreasonable use. Such costs, charges, and fees shall be calculated by the Association using reasonable methods. Notwithstanding any provision to the contrary in this Declaration, the Association may repair or correct any condition (and enter upon any Unit and Limited Common Element to do so) causing the waste or unreasonable use. The cost of the repair or correction may be assessed against the Unit, and shall be a personal obligation of the Owner of the Unit and a lien against the Unit.

9.8 Preservation of Natural Areas. Ponds, marshes, wetland areas, vegetation, and trees, located on the Property, and whether natural or otherwise, shall be maintained in substantially the same condition as originally established or constructed, subject only to (i) changes authorized by the Association consistent with all statutes, requirements, rules, and regulations imposed on such areas and items by governmental authorities having jurisdiction over any portion of the Property and (ii) the prior approval of any such governmental authorities, if required. No cutting, mowing, trimming, draining, dredging, or other alteration of such areas and items shall be permitted, except as authorized by Section 8, it being the intention that such areas and items remain and be maintained in a substantially natural condition, and subject to natural changes.

SECTION 10

PARTY WALLS

10.1 General Rules of Law to Apply. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding Party Walls and liability for property damage due to negligent or willful acts or omissions shall apply thereto.

10.2 Repair and Maintenance. The Owners of the Units which share the Party Wall shall be responsible for the maintenance, repair and replacement of the Party Wall in equal proportions; provided, (i) that any maintenance, repair or replacement necessary due to the acts or omissions of a certain Owner or Occupant sharing such Party Wall shall be paid for by such Owner, and (ii) that the Association may, at its discretion, contract for and supervise the repair of damage caused by an Owner or Occupant and assess the Owners for their respective shares of the cost to the extent not covered by insurance. Such cost shall be a personal obligation of each affected Owner(s) and a lien against that Owner's Unit.

10.3 Destruction by Fire or Other Casualty. If a Party Wall is destroyed or damaged by fire or other casualty, any Owner who has use of the Party Wall may, with the consent of the Association, restore it, and the other Owner shall promptly reimburse the Owner who restored the wall for his or her share of the cost of restoration thereof. However, the cost of restoration resulting from destruction or other casualty resulting from the acts or omissions of certain Owners shall be the financial responsibility of such Owners, and the Association may assess the responsible Owners for their share of the costs, without prejudice to the right of an Owner to recover a larger contribution from the other Owner. Insurance claims shall be made promptly following any casualty.

10.4 Weatherproofing. Notwithstanding any other provision of this Section, any Owner who, by his or her negligent or willful act, causes or allows a Party Wall to be exposed to

the elements, shall bear the whole cost of the repairs necessary for protection against such elements.

10.5 Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the Unit and shall pass to such Owner's assigns and successors in title.

10.6 Dispute/Arbitration. Unless otherwise agreed in writing by the Owners sharing a Party Wall, if a dispute arises concerning the Party Wall, and the dispute is not resolved within thirty days after the event causing the dispute, then the dispute shall promptly be submitted to mediation before a qualified intermediary selected by the Association. If no mediated settlement is reached within ninety days after selection of the mediator, the dispute shall be submitted to binding arbitration under the rules of the American Arbitration Association upon written demand by the Association or any Owner whose Dwelling shares the Party Wall. The decision of the arbitrator or arbitrators shall be final and conclusive of the dispute. The arbitrator(s) and mediator's fees shall be shared equally by the parties, but each party shall pay its own attorneys' fees or other costs incurred in the arbitration.

SECTION 11

INSURANCE

11.1 Required Coverage. The Association shall obtain and maintain, at a minimum, one or more than one master policy of insurance in accordance with the insurance requirements set forth in the Act and the additional requirements set forth herein, issued by a reputable insurance company or companies authorized to do business in the state of Minnesota, as follows:

11.1.1 Property insurance in broad form covering all risks of physical loss in an amount equal to one hundred percent of the insurable "replacement cost" of the Property, exclusive of: (i) deductibles, (ii) land, footings, excavation and other items normally excluded from coverage (but including all Building service equipment and machinery), and (iii) if authorized by the Board, any or all of the following items: ceiling and wall finishing materials, floor coverings, cabinetry, finished millwork, electrical or plumbing fixtures serving a single Unit, built-in appliances, improvements and betterments regardless of when installed, and any other items referred to in Section 515B.3-113(b)(i) through (vii) of the Act. The policy or policies shall cover personal property owned by the Association. The policy or policies shall also contain "Inflation Guard" and "Agreed Amount" endorsements, if reasonably available. Such policy or policies shall include such additional endorsements, coverages and limits with respect to the foregoing and other hazards as may be required from time to time by the regulations of the Federal National Mortgage Association ("FNMA"), the Federal Housing Administration ("FHA"), or the Secretary of Veterans Affairs ("VA"), if required by one of such agencies as a precondition to their purchase, financing, insuring, or guarantee of a mortgage on a Unit. The Board may also, on behalf of the Association, enter into binding written agreements with a mortgagee, or insurer, guarantor, or servicer of a mortgage, obligating the Association to keep certain specified coverages or endorsements in effect.

11.1.2 Comprehensive public liability insurance covering the use, operation and maintenance of the Common Elements, with minimum limits of One Million Dollars per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. The policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of negligent acts of the Association or other Owners or Occupants. The policy shall include additional endorsements, coverages and limits necessary to comply with the regulations of the FNMA, the FHA, or VA, if required by one of such agencies as a precondition to the purchase, financing, insuring, or guarantee of a mortgage on a Unit.

11.1.3 Fidelity bond or insurance coverage against dishonest acts on the part of directors, officers, managers, trustees, employees, or persons responsible for handling funds belonging to or administered by the Association, if deemed to be advisable by the Board or required by the regulations of any financing-related institution as a precondition to the purchase, insuring, guarantee, or financing of a mortgage on a Unit. The fidelity bond or insurance shall name the Association as the named insured, and shall comply with the regulations of the FNMA, the FHA, or VA, if required by one of such agencies as a precondition to the purchase, financing, insuring, or guarantee of a mortgage on a Unit. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers, or a waiver of defense based upon the exclusion of persons serving without compensation shall be added.

11.1.4 Workers' Compensation insurance as applicable and required by law.

11.1.5 Directors and officers liability insurance with such reasonable limits and coverages as the Board shall determine from time to time.

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

11.2 Premiums and Deductibles. The premiums for all insurance to be maintained by the Association shall be assessed and paid as part of an annual Assessment or assessed and paid as part of a limited Assessment, at the discretion of the Board. The Association may, in the case of a claim for damage to a Unit or Units, (i) pay the deductible amount as a Common Expense, (ii) assess the deductible amount against the Unit or Units affected in any reasonable manner, or (iii) require the Owners of the Unit or Units affected to pay the deductible amount directly. The Association's decision as to who shall be charged with paying the deductible amount may, but need not, be based on fault.

11.3 Loss Payee; Insurance Trustee. All insurance coverage maintained by the Association shall be written in the name of, and the proceeds thereof shall be payable to, the Association (or a qualified insurance trustee selected by it) as trustee for the benefit of the Owners and secured parties, including Eligible Mortgagees, which suffer loss. The Association,

or any insurance trustee selected by it, shall have exclusive authority to negotiate, settle and collect upon any claims or losses under any insurance policy maintained by the Association.

11.4 Required Policy Provisions. All policies of property insurance carried by the Association shall provide that:

11.4.1 Each Owner and secured party is an insured Person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association.

11.4.2 The insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household and against the Association and members of the Board.

11.4.3 The coverage shall not be voided by or conditioned upon (i) any act or omission of an Owner or Eligible Mortgagee, unless acting within the scope of authority on behalf of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

11.4.4 If at the time of a loss under the policy there is other insurance in the name of an Owner covering the same property covered by the policy, the Association's policy is primary.

11.5 Cancellation; Notice of Loss. Property insurance and comprehensive liability insurance policies maintained by the Association shall provide that the policies shall not be canceled or substantially modified, for any reason, without at least thirty days prior written notice to the Association and to all secured parties holding first mortgages on Units.

11.6 Restoration in Lieu of Cash Settlement. Property insurance policies maintained by the Association shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable (i) without the prior written approval of the Association (or any insurance trustee) or (ii) when in conflict with provisions of any insurance trust agreement to which the Association may be a party, or any requirement of law.

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

11.8 Owner's Personal Insurance. Each Owner shall obtain additional personal insurance coverage (commonly known as "gap coverage" or an "HO6" policy) at his or her own expense covering fire and other casualty to all portions of the Owner's Unit not covered by the Association's property insurance, the Owner's personal property, and the Owner's personal liability. All insurance policies maintained by Owners shall provide that they are without contribution as against the insurance purchased by the Association, except as to deductible amounts or other items not covered under the Association's policies.

SECTION 12

RECONSTRUCTION, CONDEMNATION, AND EMINENT DOMAIN

12.1 Reconstruction. The obligations and procedures for the repair, reconstruction, or disposition of the Property following damage or destruction thereof shall be governed by the Act. Any repair or reconstruction shall be substantially in accordance with the plans and specifications of the Property as initially constructed and subsequently improved. Notice of substantial damage or destruction shall be given as provided in Section 16.10.

12.2 Condemnation and Eminent Domain. In the event of a taking of any part of the Property by condemnation or eminent domain, the provisions of the Act shall govern; provided, (i) that notice shall be given as provided in Section 16.10, (ii) that the Association shall be the attorney-in-fact to represent the Owners in any related proceedings, negotiations, settlements, or agreements, and (iii) that any awards or proceeds shall be payable to the Association for the benefit of the Owners and the mortgagees of their Units. Eligible Mortgagees shall be entitled to priority for condemnation awards in accordance with the priorities established by the Act and the Governing Documents, as their interests may appear.

12.3 Termination and Liquidation. The termination of Skyehill Townhomes, and the distribution of any proceeds therefrom, shall be governed by the Act. Any distribution of funds shall be based upon the value of the Units as determined by their relative value for property insurance purposes, and shall be made to Owners and their mortgage holders, as their interests may appear, as provided in the Act.

12.4 Notice. The Association shall give written notice of any condemnation proceedings or substantial destruction of the Property to the Eligible Mortgagees entitled to notice under Section 16.10.

12.5 Association's Authority. In all cases involving reconstruction, condemnation, eminent domain, termination or liquidation of Skyehill Townhomes shall have authority to act on behalf of the Owners in all proceedings, negotiations and settlement of claims. All proceeds shall be payable to the Association to hold and distribute for the benefit of the Owners and their mortgage holders, as their interests may appear, in accordance with the Act.

SECTION 13

EASEMENTS

13.1 Access Easements. Each Unit shall be the beneficiary of an easement for access to a public roadway on or across those portions of the Common Elements designated for use as roadways or walkways, subject to any restrictions authorized by, or set forth in, the Governing Documents.

13.2 Use and Enjoyment Easements. Each Unit shall be the beneficiary of easements for non-exclusive use and enjoyment on and across the Common Elements, and for exclusive use and enjoyment of any deck, patio, or porch allocated to the Unit as a Limited Common Element, subject to any restrictions authorized by, or set forth in, the Governing Documents.

13.3 Utility and Maintenance Easements. Each Unit shall be subject to, and be the beneficiary of, perpetual, non-exclusive easements for all services and utilities servicing the Units and the Common Elements, and for maintenance, repair, and replacement as described in Section 9. Such easements shall include, but not be limited to, the utility easements shown on the Plat that are upon the rear two feet of each Unit.

13.4 Structural Support Easements. Each Unit shall be subject to and be the beneficiary of perpetual, non-exclusive easements for structural support in all walls, columns, joists, girders, and other structural components located in another Unit.

13.5 Drainage Easements. The Common Elements and each Unit shall be subject to a non-exclusive easement for storm water drainage in favor of the Owners and Occupants for reasonable storm water drainage, and other normal site drainage, over those parts of the Common Elements and the Units which may be designed, improved, or graded for such purposes.

13.6 Recorded Easements. The Property shall be subject to, or benefited by, such other easements as may be recorded against it or otherwise shown on the Plat. Any recorded easement benefiting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by this Declaration.

13.7 Easement for Encroachments. Each Unit and the Common Elements, and the rights of the Owners and Occupants therein, shall be subject to an exclusive easement for encroachments in favor of the adjoining Units for fireplaces, walls, roof overhangs, air conditioning systems, decks, balconies, porches, patios, utility installations, and other appurtenances (i) which are part of the original construction of the adjoining Unit or the Property, or (ii) approved by the Association, the Board or a committee established by the Board, pursuant to the terms of the Original Declaration, or (iii) which are added in compliance with Section 8. If there is a minor encroachment by a Unit upon another Unit as a result of the construction, reconstruction, repair, shifting, settlement, or movement of any part of the Property, an appurtenant easement for the encroachment, for the use, enjoyment, and habitation of any encroaching Unit, and for the maintenance thereof, shall exist; provided, that with respect to improvements or alterations added pursuant to Section 8, no easement shall exist unless the improvement or alteration has been approved and the proposed improvements constructed, as required by this Declaration. Such easements shall continue for as long as the encroachment exists and shall not affect the marketability of title.

13.8 Easement for Maintenance, Repair, Replacement, and Reconstruction. Each Unit, and the rights of the Owners and Occupants thereof, shall be subject to the rights of the Association to an exclusive, appurtenant easement on, over, and through the Unit for the purposes of maintenance, repair, replacement, and reconstruction of the Unit and other improvements located within the Unit, and utilities serving the Unit, to the extent necessary to fulfill the Association's obligations, and to comply with the Association's authority, under the Governing Documents.

13.9 Utility Easements. The Property shall be subject to non-exclusive, appurtenant easements that exist as of the date this Declaration is recorded and that are in favor of all public utility companies and other utility providers for the installation, use, maintenance, repair, and

replacement of all utilities, such as natural gas, electricity, cable TV and other electronic communications, water, sewer, wells, and similar services, and metering and control devices, which exist or are constructed as part of the Property, or which are referred to in the Plat or otherwise described in this Declaration or other recorded instruments. Each Unit, and the rights of the Owners and Occupants thereof, shall also be subject to a non-exclusive, appurtenant easement in favor of the other Units for all such utilities and services. Utilities and related services or systems shall be installed, used, maintained, and repaired so as not to interfere with the use and quiet enjoyment of the Units by the Owners and Occupants, nor affect the structural or architectural integrity of the Property.

13.10 Municipal Easements; Public Safety and Health Access. The Common Elements and the Units are subject to a non-exclusive easement in favor of the City and other applicable governmental authorities or agencies as shall, from time to time, have jurisdiction over the Property, on and across drives, walkways, parking areas, and other open space areas of the Property for the purpose of ingress and egress for police, fire, rescue, and other emergency purposes, animal control, health and protective inspection, sanitation, and to provide to the Members and the Association other public services deemed necessary by the City.

13.11 Emergency Access to Units. In case of emergency or perceived threat to public health or safety, all Units and Limited Common Elements are subject to an easement in favor of the Association for access, without notice and at any time, by an officer or member of the Board, by the Association's management agents, or by any public safety personnel.

13.12 Project Sign Easements. The Common Elements shall be subject to appurtenant, exclusive easements in favor of the Association for the continuing use, maintenance, repair, and replacement of all monument signs identifying Skyehill Townhomes, installed at any time, and related decorative improvements on the Common Elements.

13.13 Easements are Appurtenant. All easements and similar rights burdening or benefiting a Unit or any other part of the Property run with the land, and shall be permanent, subject only to termination in accordance with the Act or the terms of the easement. Any recorded easement benefiting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by the Declaration.

13.14 Impairment Prohibited. The Association shall not, and no Person shall, materially restrict or impair, or interfere with, any easement benefiting or burdening the Property, any use of the Property intended by any easement, or any equipment or improvements relating to the easement, subject to the Declaration and the right of the Association to impose reasonable Rules and Regulations governing the use of the Property. No personal property shall be placed within, or any improvement or alteration of the Property shall be made to, any easement area benefiting or burdening the Property which shall interfere in any manner with the easements described in this Declaration.

13.15 Benefit of Easements. Subject to Section 7.6, all easements benefiting a Unit shall benefit the Owners and Occupants of the Unit, and their families and guests.

13.16 Continuation and Scope of Easements. Notwithstanding anything in this Declaration to the contrary, no Owner or Occupant shall be denied reasonable access to his or her Unit or the right to utility services thereto. The easements set forth in this Section 13 shall supplement and not limit any easements described elsewhere in this Declaration or recorded, and shall include reasonable access to the easement areas through the Units and the Common Elements for purposes of maintenance, repair, replacement, and reconstruction. All easement rights shall include a right of reasonable access to maintain, repair, and replace the utility lines and related equipment.

13.17 Standards for Exercising Easement Rights. Persons exercising easement rights shall (i) take reasonable care to avoid damaging the Property or creating safety hazards; (ii) promptly repair any damage to the Property which they or their guests or invitees caused; (iii) promptly reimburse the Association for all costs incurred by it for repairing damage to an easement area caused by the Person or the Person's guests or invitees; and (iv) hold harmless, indemnify, and defend the Association, other Owners, and the officers and directors of the Association, from and against all claims, damages, losses, and other liabilities arising out of the exercise of the easement rights.

13.18 No Public Easement Rights. No grant, dedication, or creation of an easement under this Declaration shall constitute a dedication of the easement area or the use thereof to the public, it being the intent of this Declaration that the Common Elements be and remain private property subject to operation and regulation by the Association, and that the Units be and remain private property subject to operation and regulation by the respective Owners thereof and/or the Association, as applicable, all in compliance with the Governing Documents.

13.19 Restriction on Third Party Easement Grants. Except for the Board in the exercise of its authority granted by the Governing Documents, no Person shall create, grant, or convey any easement or comparable rights upon any portion of the Property without the prior written approval of the Board; provided, that the Board shall authorize an Owner to grant an easement over the Owner's Unit if (i) the easement will not adversely affect the Common Elements or another Unit and (ii) the easement is consistent with the overall design and plan for the Property as approved by the City.

SECTION 14

COMPLIANCE AND REMEDIES

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

14.1 Entitlement to Relief. The Association may commence legal action to recover sums due, for damages, for injunctive relief or to foreclose a lien owned by it, or any combination thereof, or an action for any other relief authorized by the Governing Documents or

available at law or in equity. Legal relief may be sought by the Association against any Owner, or by an Owner against the Association or another Owner, to enforce compliance with the Governing Documents, the Rules and Regulations, the Act, or the decisions of the Association. However, no Owner may withhold any Assessments payable to the Association, or take (or omit) other action in violation of the Governing Documents, the Rules and Regulations, or the Act, as a measure to enforce such Owner's position, or for any other reason.

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

14.2.1 Commence legal action for damages or equitable relief in any court of competent jurisdiction.

14.2.2 Impose late charges for each late payment of an Assessment or an installment thereof, plus additional interest at up to the highest rate allowed by law, accruing from the first day of the month following the month for which the Assessment installment was due.

14.2.3 In the event any Assessment or installment thereof is more than thirty days past due, all remaining installments of Assessments assessed against the Unit owned by the defaulting Owner may be accelerated and shall then be payable in full if all delinquent Assessments, together with all costs of collection, attorneys' fees, and late charges, are not paid in full prior to the effective date of the acceleration. At least ten days advance written notice of the effective date of the acceleration shall be given to the defaulting Owner.

14.2.4 Impose reasonable fines, penalties, or charges for each violation of the Act, the Governing Documents, or the Rules and Regulations.

14.2.5 If allowed by the Act, suspend the rights of any Owner to vote if the Assessments with respect to the Owner's Unit are more than thirty days past due, and suspend the rights of any Owner or Occupant and their guests to use any Common Element amenities, provided, that this suspension of use shall not apply to Limited Common Elements or deck, balcony, porch, or patio easements appurtenant to the Unit, and those portions of the Common Elements providing utilities service and access to the Unit. Such suspensions shall be limited to periods of default by such Owners and Occupants in their obligations under the Governing Documents, and for up to thirty days thereafter in the case of suspension of use rights, for each violation.

14.2.6 Restore any portions of the Common Elements or Limited Common Elements damaged or altered, or allowed to be damaged or altered, by any Owner or Occupant or his or her guests in violation of the Governing Documents, and to assess the cost of such restoration against the responsible Owner and his or her Unit.

14.2.7 Enter any Unit or Limited Common Element in which, or as to which, a violation or breach of the Governing Documents exists which materially affects, or is likely to materially affect in the near future, the health or safety of the other Owners or Occupants, or their guests, or the safety or soundness of any Dwelling or other part of the Property or the property of the Owners or Occupants, and to summarily abate and remove, at the expense of the offending Owner or Occupant, any structure, thing or condition in the Unit or Limited Common Elements which is causing the violation; provided, that any improvements which are a part of a Unit may be altered or demolished only pursuant to a court order or with the agreement of the Owner.

14.2.8 Foreclose any lien arising under the provisions of the Governing Documents or under law, in any manner authorized by the Act.

14.3 Rights to Hearing. In the case of imposition of any of the remedies authorized by Section 7.8.6, 14.2.4, 14.2.5, 14.2.6, or 14.2.7, the Board shall, upon written request of the offending Owner, grant the offending Owner a hearing as contemplated by the Act. The hearing may be held before the Board or a committee of three or more disinterested Owners appointed by the Board. The offending Owner shall be given notice of the nature of the violation and the right to a hearing, and at least ten days within which to request a hearing. The hearing shall be scheduled by the Board/committee and held within thirty days of receipt of the hearing request by the Board/committee, and with at least ten days prior written notice to the offending Owner. If the offending Owner fails to request, or to appear at, the hearing, then the right to a hearing shall be waived and the Board/committee may take such action as it deems appropriate. Hearings shall be conducted in a fair and equitable manner. The decision of the Board/committee and the rules for the conduct of hearings established by the Board, shall be final and binding on all parties. The Board's/committee's decision shall be delivered in writing to the offending Owner within ten days following the hearing, if not delivered to the offending Owner at the hearing. Any fines to be imposed by the Association may, at the Board's discretion, be retroactive to the date of the violation or offense.

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

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

contingency fees or costs charged to the Association by a collection agency or other Person acting on behalf of the Association in collecting any delinquent amounts owed to the Association by an Owner or Occupant. Such collection or contingency fees or costs shall be the personal obligation of such Owner and shall be a lien against such Owner's Unit.

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

14.7 Enforcement by Owners. The provisions of this Section shall not limit nor impair the independent rights of other Owners to enforce the provisions of the Governing Documents, the Rules and Regulations, and the Act as provided therein.

SECTION 15

AMENDMENTS

This Declaration may be amended by the consent of (i) Owners of Units to which are allocated at least sixty-seven percent of the votes in the Association, and (ii) the percentage of Eligible Mortgagees (based upon one vote per first mortgage owned) required by Section 16 as to matters prescribed by Section 16. Consent of the Owners may be obtained in writing or at a meeting of the Association duly held in accordance with the Bylaws. Consents of Eligible Mortgagees shall be in writing. Any amendment shall be subject to any greater requirements imposed by the Act. The Amendment shall be effective when recorded as provided in the Act. An affidavit by the Secretary or the President of the Association as to the outcome of the vote, or as to the execution of any agreements, approvals, or consents, shall be adequate evidence thereof for all purposes, including without limitation, the recording of the amendment.

SECTION 16

RIGHTS OF ELIGIBLE MORTGAGEES

Notwithstanding anything to the contrary in the Governing Documents, and subject to any greater requirements of the Act or other laws, Eligible Mortgagees shall have the following rights and protections:

16.1 Consent to Certain Amendments. The written consent of Eligible Mortgagees representing at least fifty-one percent of the Units that are subject to first mortgages held by Eligible Mortgagees (based upon one vote per first mortgage owned) shall be required for any amendment to the Governing Documents which causes any change in the following: (i) voting rights; (ii) an increase in an annual Assessment of more than twenty-five percent over the immediate prior annual Assessment; (iii) reserves for maintenance, repair and replacement of Common Elements; (iv) responsibility for maintenance and repairs; (v) reallocation of interests in, or rights to use, the Common Elements or Limited Common Elements; (vi) redefinition of

any Unit boundaries; (vii) convertibility of Units into Common Elements or vice versa; (viii) expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property; (ix) insurance or fidelity bonds; (x) material restrictions on the leasing of Units; (xi) imposition of any restrictions on an Owner's right to sell or transfer his or her Unit; (xii) a decision by the Association to establish self management when professional management is in effect as required previously by the Governing Documents or a Eligible Mortgagee; (xiii) restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents; (xiv) any action to terminate the legal status of Skyehill Townhomes after substantial destruction or condemnation occurs; or (xv) any provisions that expressly benefit Eligible Mortgagees, insurers, or guarantors.

16.2 Consent to Certain Actions. The written consent of Eligible Mortgagees representing at least sixty-seven percent of the Units that are subject to first mortgages held by Eligible Mortgagees (based upon one vote per first mortgage owned) shall be required to (i) abandon or terminate of Skyehill Townhomes; (ii) change the allocations of voting rights, Common Expense obligations or interest in the Common Elements; (iii) partition or subdivide a Unit except as permitted by statute; (iv) abandon, partition, subdivide, encumber or sell the Common Elements; or (v) use hazard insurance proceeds for purposes other than the repair, replacement or reconstruction of the Property, except as otherwise provided by law.

16.3 Consent to Subdivision. No Unit may be partitioned or subdivided without the prior written approval of the Owner and Eligible Mortgagee thereof, and the Association.

16.4 No Right of First Refusal. The right of an Owner to sell, transfer, or otherwise convey his or her Unit shall not be subject to any right of first refusal or similar restrictions.

16.5 Priority of Lien. Any Person who comes into possession of a Unit by foreclosure of the first mortgage on a Unit, or by deed or assignment in lieu of foreclosure of the first mortgage on the Unit, takes the Unit free of any claims for unpaid Assessments or any other charges or liens imposed against the Unit by the Association which have accrued against such Unit prior to the acquisition of possession of the Unit by said Person; (i) except as provided in Section 6.8 and the Act and (ii) except that any unreimbursed Assessments or charges may be reallocated among all Units in accordance with their interests in the Common Elements.

16.6 Priority of Taxes and Other Charges. All taxes, Assessments and charges which may become liens prior to the first mortgage under state law shall relate only to the individual Units and not to the Property as a whole.

16.7 Priority for Condemnation Awards. No provision of the Governing Documents shall give an Owner, or any other Person, priority over any rights of the Eligible Mortgagee of the Unit pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Unit and/or the Common Elements. The Association shall give written notice to all Eligible Mortgagees of any condemnation or eminent domain proceeding affecting the Property promptly upon receipt of notice from the condemning authority.

16.8 Requirements for Management Agreements. The term of any agreement for professional management of the Property shall not exceed two years. Any such agreement shall provide for termination without penalty or termination fee by either party as follows: (i) with cause, upon a minimum of thirty days, and a maximum of forty-five days, prior written notice, and (ii) without cause, upon a minimum of sixty days.

16.9 Access to Books and Records/Audit. Eligible Mortgagees, or an institutional insurer or guarantor of a mortgage loan against a Unit, shall have the right to examine the books and records of the Association upon reasonable notice, during normal business hours, and to receive free of charge, upon written request, copies of the Association's annual reports and other financial statements. Financial statements, including those which are audited, shall be available within one hundred eighty days after the end of the Association's fiscal year. FNMA, or any Eligible Mortgagee, institutional guarantor, or insurer of a mortgage loan against a Unit, may require that, at its own expense, an audit of the Association's financial statements be made for the preceding year, in which case the Association shall cooperate in having an audit made and a copy given to the requesting party.

16.10 Notice Requirements. Upon written request to the Association, identifying the name and address of the holder, insurer, or guarantor of a mortgage on a Unit, and the Unit number or address, the holder, insurer, or guarantor shall be entitled to timely written notice of:

16.10.1 a condemnation loss or any casualty loss which affects a material portion of the Property or the Unit securing the mortgage;

16.10.2 a sixty day delinquency in the payment of Assessments or charges owed by the Owner of a Unit on which it holds a mortgage;

16.10.3 a lapse, cancellation or material modification of any insurance policy maintained by the Association; and

16.10.4 a proposed action which requires the consent of a specified percentage of Eligible Mortgagees.

SECTION 17

MISCELLANEOUS

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

17.2 Construction. Where applicable, the masculine gender of any word used herein shall mean the feminine or neutral gender, or vice versa, and the singular of any word used herein shall mean the plural, or vice versa. References to the Act, or any section thereof, shall be deemed to include any statutes amending or replacing the Act, and the comparable sections thereof.

17.3 Notices. Unless specifically provided otherwise in the Governing Documents or the Act, all notices required to be given by or to the Association, the Board, the Association officers, or the Owners or Occupants shall be in writing and shall be effective upon hand delivery, or mailing if properly addressed with postage prepaid and deposited in the United States mail; except that registrations pursuant to Section 2.2 of the Bylaws shall be effective upon receipt by the Association.

17.4 Conflicts Among Documents. In the event of any conflict among the provisions of the Act, the Declaration, the Bylaws, and the Rules and Regulations, the Act shall control unless it permits the documents to control. As among the Declaration, the Bylaws, and the Rules and Regulations, the Declaration shall control. As between the Bylaws and the Rules and Regulations, the Bylaws shall control.

17.5 Duration of Covenants. The covenants, conditions, restrictions, easements, liens, and charges contained in this Declaration shall be perpetual, subject only to termination as provided in this Declaration and the Act.

IN WITNESS WHEREOF, the Association, and the Owners of at least seventy-five of the Units, have approved this Declaration, effective as of the date of recording, all in accordance with the requirements of the Original Declaration and the Act.

SKYEHILL TOWNHOMES ASSOCIATION,
INC.

By: Tom N. Thomas

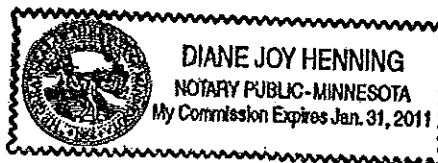
Title: President

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 24th day of JANUARY, 2007, by Tom N. Thomas, the President of SkyeHill Townhomes Association, Inc., a Minnesota nonprofit corporation, on behalf of said corporation.

Diane Joy Henning
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Fredrick R. Krietzman, Esq.
FELHABER, LARSON, FENLON & VOGT, P.A.
220 South Sixth Street, Suite 2200
Minneapolis, Minnesota 55402
(612) 373-8418



AFFIDAVIT OF PRESIDENT

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

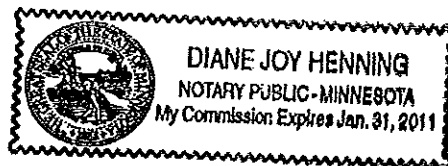
The undersigned, President of Skyehill Townhomes Association, Inc., a Minnesota nonprofit corporation, being first duly sworn on oath, hereby swears and certifies, pursuant to the applicable provisions of the Original Declaration, that the Amended and Restated Declaration of Skyehill Townhomes (the "Declaration") has been duly approved by the appropriate number of Owners of the Units within Skyehill Townhomes, in compliance with the requirements of the Original Declaration and the Act. The terms used in this Affidavit shall have the same meaning assigned to them in the Declaration.

Tom N. Thomas
President

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Subscribed and sworn to before me this 24th day of JANUARY, 2007,
by Tom N. Thomas, the President of Skyehill Townhomes
Association, Inc., a Minnesota nonprofit corporation, on behalf of said corporation.

Diane Joy Henning
Notary Public



THIS INSTRUMENT WAS DRAFTED BY:
Fredrick R. Krietzman, Esq.
FELHABER, LARSON, FENLON & VOGT, P.A.
220 South Sixth Street, Suite 2200
Minneapolis, Minnesota 55402
(612) 373-8418

COMMON INTEREST COMMUNITY NO. 1845
Planned Community

SKYEHILL TOWNHOMES

EXHIBIT A TO AMENDED AND RESTATED DECLARATION

DESCRIPTION OF PROPERTY/SCHEDULE OF UNITS

The legal description of the Property is as follows:

Lots 1 and 2, Block 1; Lots 1 and 2, Block 2; Lots 1 and 2, Block 3; Lots 1, 2, and 3, Block 4; Lots 1 and 2, Block 5; Lots 1 and 2, Block 6; Lots 1, 2, 3, and 4, Block 7; Lots 1 and 2, Block 8; Lots 1, 2, and 3, Block 10; Lots 1 and 2, Block 11; Lots 1, 2, and 3, Block 12; Lots 1, 2, 3, and 4, Block 13; Lot 1, Block 14; and Lot 1, Block 15, Skyehill Townhomes, Hennepin County, Minnesota.

The Units consist of the following platted lots:

Lots 1 and 2, Block 1; Lots 1 and 2, Block 2; Lots 1 and 2, Block 3; Lots 1, 2, and 3, Block 4; Lots 1 and 2, Block 5; Lots 1 and 2, Block 6; Lots 1, 2, 3, and 4, Block 7; Lots 1 and 2, Block 8; Lots 1, 2, and 3, Block 10; Lots 1 and 2, Block 11; Lots 1, 2, and 3, Block 12; and Lots 1, 2, 3, and 4, Block 13, Skyehill Townhomes, Hennepin County, Minnesota.

COMMON INTEREST COMMUNITY NO. 1845
Planned Community

SKYEHILL TOWNHOMES

EXHIBIT B TO AMENDED AND RESTATED DECLARATION

DESCRIPTION OF COMMON ELEMENTS

Lot 1, Block 14; and Lot 1, Block 15, Skyehill Townhomes, Hennepin County,
Minnesota.

(C)

(C)

(C)