

SECTION 3. USE RESTRICTIONS

3.1 Residential Use. No Lot shall be used for anything but Residential Purposes, except that Declarant and its successors and assigns shall be entitled to maintain model homes and other sales facilities upon the Lots as authorized in Section 7.3 below. In addition, other home builders that own Lots may also use such Lots as model homes.

3.2 Residential Foundation Requirements. Every residential structure built on a Lot shall consist of either a poured concrete foundation, a concrete block foundation or a concrete slab provided such foundation or slab has been approved by the Committee.

3.3 Driveways. Any driveway on a Lot or Common Elements shall be constructed of concrete or asphalt, and shall be completed within six (6) months of receipt of a certificate of occupancy for the first Dwelling Unit it serves.

3.4 Construction of Dwelling Unit. Subject to waiver by the Association (at the Association's sole discretion): (i) construction of a Dwelling Unit on a Single-Family Lot shall be completed within one (1) year after footings are poured for such Dwelling Unit and (ii) construction of a multi-family structure on a Multi-Family Lot shall be commenced (i.e. foundation poured and framing commenced) within one (1) year after the Multi-Family Lots are purchased and shall be completed within eighteen (18) months after commencement.

3.5 Tree Preservation/Site Clearing. Tree preservation and site clearing shall be guided by the Woodland Management Plan as approved from time to time by the Association. All tree trimming/removal and/or site clearing shall be approved in advance by the Committee. A Woodland Management Plan is being prepared by the Kunde Companies, Consulting Foresters, a first draft of which is attached as Exhibit D.

3.6 Use of Temporary Structures. No structure of a temporary character, whether trailer, basement, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, either temporarily or permanently; provided, however, that Declarant reserves the exclusive right to erect, place and maintain such facilities in or upon any portion of the Property as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences or buildings and constructing other improvements on the Property.

3.7 City Water and Sewer. Except for Lots located within the Bluff Top Areas: (i) all Lots shall be served by the City water and sanitary systems; (ii) no private well system may be made, or drilled, except upon approval of the Committee and any required governmental authority; (iii) no private septic systems may be constructed on any part of the Property. Notwithstanding the foregoing, wells may be drilled by the Declarant, the owner of the Golf Course, the Association and/or a subassociation(s) for use in watering Common Elements and/or the Golf Course, and filling of lakes or ponds in the Common Elements and/or on the Golf Course.

3.8 Prohibition of Offensive Activities. No noxious or offensive activity of any sort shall be permitted nor shall anything be done on any Lot or Common Elements which may be or become an unreasonable annoyance or a nuisance. This restriction shall not be construed to limit or restrict the customary sales activities required to sell homes or the use of a Dwelling Unit for home office purposes as described in Section 3.1 or any activities allowed under Sections 2.7, 2.8 or 2.9 above. No exterior speaker, horn, whistle, bell or other sound device, except security and fire devices used exclusively for security and fire purposes, shall be located, used or placed on a Lot. Without limitation, the discharge or use of firearms on the Property is expressly prohibited. The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or an unreasonable annoyance.

3.9 Garbage, Trash Disposal and Recycling. Unless a Subassociation undertakes to contract for such services on behalf of its members, all Owners must contract with a garbage and trash disposal company for the removal of trash and recycling. Garbage and trash or other refuse accumulated on the Property shall not be permitted to be dumped at any place upon adjoining land where a nuisance to any residence of the Property is or may be created. No part of the Property may be used or maintained as a dumping ground for rubbish or landfill. Trash, garbage or other waste shall not be allowed to accumulate, shall be kept in sanitary containers and shall be disposed of regularly. No trash, garbage or other waste shall be burned on the Property. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

3.10 Inoperable Motor Vehicles Prohibited. No inoperable vehicle shall be stored on any Lot, except within an enclosed garage or other approved structure on the Lot. No accessories, parts or objects used with cars, boats, buses, trucks, trailers, house trailers or the like, shall be kept on any Lot other than in a garage or other enclosed structure approved by the Committee.

3.11 Vehicles and Recreational Vehicles. Except within a garage or other enclosed structure approved by the Committee, no vehicles or similar equipment shall be parked or stored on a Lot other than passenger automobiles, passenger vans, motorcycles and pick-up trucks that are in operating condition, have current license plates and inspection stickers, and are in regular legal use as motor vehicles on public streets and highways. No trailers, boats, buses, motor homes, campers, snowmobiles or other types of recreational vehicles shall be parked on any Lot, Common Element or streets for more than forty-eight (48) consecutive hours or such shorter period as may be established by law, except if such vehicle is parked within a garage or other approved structure located on such Lot; provided however, the Board may (at its discretion) grant permits to park such vehicles on Lots for limited periods of time not to exceed fourteen (14) days in any twelve (12) month period. No such vehicles shall be parked on any Common Elements, except in designated parking areas pursuant to rules and restrictions established by law and/or the Board. The foregoing restrictions shall not apply to any vehicles, machinery or equipment temporarily parked at a Lot in connection with the construction, maintenance or repair of a building or other authorized improvements on such Lot. No vehicle shall be permitted to park overnight on any street except for those vehicles used by a builder during the construction of improvements on Lots or Common Elements. No vehicle of any size which transports inflammable or explosive cargo may be kept on the Property at any time.

3.12 Signs. No signs, advertisement, billboard or advertising structure of any kind whatsoever may be erected or maintained on any Lot, or Common Elements surrounding a

structure containing Multi-Family Lots without the consent in writing of the Committee, including without limitation any "For Sale" or "For Rent" sign or any sign displaying the name of a realtor. Declarant or any member of the Committee shall have the right to remove any such signage. Notwithstanding the foregoing, Declarant shall have the right to erect and maintain such signs as it deems necessary to advertise the development during construction and sale periods.

3.13 Livestock: and Animals. No animals, livestock: or poultry of any kind shall be raised, bred or kept on any Lot except that dogs, cats or other common household pets may be kept on all such Lots provided that they are not kept, bred or maintained for commercial purposes and do not become a nuisance or threat to other Owners. No such animals shall be allowed to run loose on a Lot (outside of the Dwelling Unit located thereon) or the Common Elements immediately surrounding a structure containing Multi-Family Lots, unless contained within such Lot or area by an "invisible fence" type fence or other fence approved by the Committee or Subassociation, as applicable. No Owner or Occupant shall feed any wild animals including without limitation deer, bear, rabbits and raccoons. Notwithstanding the foregoing restriction, Owners and Occupants may use bird feeders to feed birds, squirrels and chipmunks, as long as the feed being provided does not attract other wild animals.

3.14 Drainage. Except for any such rights reserved to the Declarant, any natural drainage patterns of streets, Lots, Common Elements or roadway ditches will not be impaired by any person or persons, and the Declarant or its assigns may enter upon any Lot (outside of any Dwelling Unit or other building constructed thereon) to maintain such natural drainage areas. Driveway culverts must be installed prior to beginning construction of any building or Dwelling Unit and must be of sufficient size to afford proper drainage of ditches without backing water up into ditch or diverting flow. The size and type of driveway culverts must also be approved by appropriate governmental authorities. The breaking of curbs, if any, for driveway installations will be accomplished in a good and workmanlike manner. Such break shall be re-cemented without hindrance to drainage and shall be subject to the inspection and approval of the Committee.

3.15 Hazardous Substances. Except for common household cleaners and supplies and for substances used in connection with the operation of the Golf Course, no Hazardous Substance shall be brought onto, installed, used, stored, treated, buried, disposed of or transported over the Lots. All activities on the Lots involving Hazardous Substances shall, at all times, comply with Applicable Law.

3.16 Completion of Landscaping. The lawn on each Lot or Common Elements immediately surrounding a structure containing Multi-Family Dwelling Units shall be seeded or sodded by: (i) October 31 of the calendar year in which the Certificate of Occupancy is issued for the Dwelling Unit on a Single-Family Lot or the first Dwelling Unit within a multi-family structure, as applicable, if the Certificate is issued between January 1 and September 15 of any calendar year; or (ii) by June 15 of the calendar year following the issuance of the Certificate, if such Certificate is issued between September 16 and December 31 of any calendar year.

3.17 Restoration. Notwithstanding any approvals or consent granted by the Committee or the Association if any Owner disturbs or otherwise damages any portion of the Common Elements, such Owner shall expeditiously complete such work, and at its sole expense, shall immediately restore and repair the Common Elements to their condition prior to the commencement of construction.

3.18 Lighting. The artificial lighting on each Lot and in the Common Elements shall be consistent with "down-lighting" designs established by the Committee for the purpose of limiting night sky illumination.

3.19 Rental Restrictions. Any lease for a Dwelling Unit or Lot between an Owner and a lessee shall provide that the lease and all rights of lessee thereunder shall be subject in all respects to the provisions of the Governing Documents and the Act. A lease for a Dwelling Unit or Lot must be for the entire Dwelling Unit and/or Lot, as applicable, not a portion thereof. No such lease may be for a period less than thirty (30) days.

3.20 Holiday Decorations/Lighting. Seasonal/holiday lights and decorations shall be permitted on the Lots, provided that they are installed/placed and removed (i) for the winter holiday season (i.e. Cluistmas, Hanukah, etc.) no earlier than November 15 and no later than March 15, respectively, and (ii) for all other holiday seasons within 10 days of the relevant holiday/season.

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

3.22 Fences. Except for "invisible fence" type fences, no fence shall be allowed on any Lot or Common Element sunounding a multi-family structure without the Committee's approval.

SECTION 4.
ARCHITECTURAL CONTROL COMMITTEE,
CONSTRUCTION, RESTRICTIONS AND REQUIREMENTS

4.1 Approval of Plans and Specifications.

a In order to preserve the architectural and aesthetic appearance and the natural setting and beauty of the Property, to establish and preserve a harmonious design for the Property and to protect and promote the value of the Property, no improvements of any nature to be placed upon a Lot which affect the exterior appearance of any such Lot or Dwelling Unit shall be commenced, erected, installed, placed, moved onto, altered, replaced, relocated on any such Lot or Dwelling Unit, unless plans and specifications therefore have been submitted to and approved by the Committee. The Committee shall be comprised of three (3) or more representatives appointed by the Board, in accordance with the terms and provisions of this Section 4. Without limiting the foregoing, the construction and installation of any Dwelling Units, sidewalks, driveways, parking lots, mailboxes, decks, patios, courtyards, swimming pools, tennis courts, greenhouses, playhouses, awnings, walls, fences, exterior lights, garages, guest or servant's quarters, or any other out-buildings, shall not be undertaken, nor shall any exterior addition to or change or alteration be made thereto unless the plans and specifications for the same have been submitted to and approved by the Committee in accordance with the terms and provisions of this Section 4.

b. The Committee is hereby authorized and empowered to approve, and/or deny approval of, any plans and specifications in connection with the activities referenced in Section 4.1(a) above to be performed on any Lot. Plior to commencement of any

Dwelling Unit on any such Lot, the Owner thereof shall submit to the Committee plans and specifications and related data for all such proposed construction which shall include the following:

(i) Two (2) copies of an accurately drawn and dimensioned site development plan indicating the location and identification of all improvements, including, specifically, the Dwelling Unit to be constructed or improved on said Lot, the location of the driveways, walkways, decks, terraces, patios, and mailboxes and the relationship of the same to any set-back requirements applicable to the Lot.

(ii) Two (2) copies of a foundation plan, floor plans and exterior elevation drawings of the front, back and sides of the Dwelling Unit to be constructed on the Lot.

(iii) Such other plans, specifications or other information or documentation as may be required by the Committee.

c. The Committee shall, in its sole discretion, determine whether the plans and specifications and other data submitted by the Owner are acceptable. One (1) copy of all plans, specifications and related data so submitted shall be retained in the records of the Association and the other copy shall be returned to the Owner marked "approved," "approved as noted," or "disapproved." Notwithstanding anything provided herein to the contrary, an Owner may make interior improvements and alterations within a Dwelling Unit or other approved structure that do not affect exterior appearance without the necessity or requirement that the Committee approval or consent be obtained.

d. The Committee shall have the right to disapprove any plans and specification upon any ground which is consistent with the objectives and purposes of this Declaration, including purely aesthetic considerations, any failure to comply with any of the provisions of this Declaration's minimum construction standards, failure to provide requested information, objection to exterior design, appearance or materials, objection on the ground of incompatibility of any such proposed improvement with the scheme of development proposed for the Property, objection to the location of any proposed improvements on any such Lot, objection to the landscaping plan for such Lot, objection to the color scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any improvement or any other matter which, in the sole judgment of the Committee would render the proposed improvement inconsistent with the general plan of development contemplated for the Property. The Committee shall have the right to approve any submitted plans and specifications with reasonable conditions or stipulation which the Owner must incorporate into the plans and specifications for such improvements, if the Owner desires to complete such improvements. Approval of plans and specifications by the Committee for improvements to one particular Lot or Dwelling Unit shall not be deemed an approval or otherwise obligate the Committee to approve similar plans and specifications or any of the features or elements for the improvements for any other Lot or Dwelling Unit within the Property.

e. If the Committee fails to approve, approve as noted, or disapprove in writing any such proposed plans and specifications within forty-five (45) days after such plans and

specifications are submitted to the Committee, then the plans and specifications submitted will be deemed to have been approved.

f Any revisions, modifications or changes in any plans and specifications previously approved by the Committee must be submitted to the Committee for re-approval in the same manner as above.

g If construction of such improvements has not substantially commenced (e.g., by clearing and grading, pouring of footings and otherwise commencing framing and other related construction work) within one (1) year of approval by the Committee, then the Owner of such Lot or Dwelling Unit shall be required to resubmit all plans and specifications for any such improvements to the Committee for re-approval in the same manner specified above.

4.2 Procedure and Meetings. The Committee shall elect a chairperson and the chairperson, or in the chairperson's absence, the vice chairperson, shall be the presiding officer at all meetings of the Committee. The Committee shall meet on a regular basis as well as upon call of the chairperson or vice chairperson and all such meetings shall be held at such places as may be reasonably designated by the chairperson or vice chairperson. A majority of the total number of members of the Committee shall constitute a quorum of the Committee for the transaction of business and the affirmative vote of a majority of those present in person or by proxy at a meeting of the Committee shall constitute the action of the Committee on any matter which comes before it. The Board may authorized the Committee to retain the services of consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys in order to advise and assist the Committee in performing its functions set forth herein. The Committee shall have the right from time to time to adopt and establish such rules and regulations as may be determined to be necessary concerning the procedure, notice of meetings and all other matters concerning the conduct of the business of the Committee.

4.3 Minimum Construction Standards. Within the framework established in this Declaration, the Committee may from time to time promulgate an outline of minimum acceptable construction standards; provided, however, that such outline will serve as a minimum guideline only.

a Compliance with Laws. Each Owner agrees that all construction activities performed by it or on its behalf shall be performed in compliance with all laws, rules, regulations, orders and ordinances of the City and State of Minnesota affecting improvements constructed within the Property and that construction activities on its Lot shall not:

(i) Cause any unreasonable increase in the cost of constructing improvements upon another Lot.

(ii) Unreasonably interfere with construction work being performed on any other part of the Property.

(iii) Unreasonably interfere with the use, occupancy or enjoyment of any part of the remainder of the Property and the easements granted by this Declaration by any other Owner its invitees or Occupants.

(iv) Cause any other Owner to be in violation of any applicable law, rule, regulation, order or ordinance of the City, Wabasha County and/or Goodhue County (as applicable), State of Minnesota or federal governmental agencies, or any department or agency thereof.

4.4 Subsurface Conditions. The approval of plans and specifications by the Committee for any Dwelling Unit or other improvements on a Lot shall not be construed in any respect as a representation or warranty by the Committee, the Association, or Declarant to the Owner submitting such plans or to any of the successors or assigns of such Owner that the surface or subsurface conditions of such Lot are suitable for the construction of the improvements contemplated by such plans and specifications. It shall be the sole responsibility of each Owner to determine the suitability and adequacy of the surface and subsurface conditions of any Lot for the construction of any contemplated improvements thereon.

4.5 Limitation of Liability. Notwithstanding anything provided herein to the contrary, neither Declarant, the Committee, the Association, nor any agent, employee, representative, member, shareholder, partner, officer or director thereof, shall have any liability of any nature whatsoever for any damage, loss or prejudice suffered, claimed, paid or incurred by any Owner or Occupant on account of (a) any defects in any plans and specifications submitted, reviewed or approved in accordance with the provisions of this Section 4, (b) any defects, structural or otherwise, in any work done according to such plans and specifications, (c) the failure to approve or the disapproval of any plans, drawings, specifications or other data pursuant to the provisions of this Section 4, (d) the construction or performance of any work related to such plans, drawings and specifications, (e) bodily injuries (including death) to any Owner, Occupant or the respective family members, guests, employees, servants, agents, invitees or licensees of any such Owner or Occupant or any damage to any Dwelling Units, improvements or the personal property of any Owner, Occupant or the respective family members, guests, employees, servants, agents, invitees or licensees of such Owner or Occupant, which may be caused by or arise as a result of past, present or future soil and/or subsurface conditions, known or unknown (including, without limitation, sink holes, tunnels and water channels and limestone formations) on or under any Lot or other part of the Property, and (f) any other loss, claim, damage, liability or expense, including court costs and attorneys' fees, suffered, paid or incurred by any Owner or Occupant arising out of or in connection with the use and occupancy of any Lot, Dwelling Unit, or any improvements situated thereon.

5.2 Appointment/Election of Board. The Board shall be appointed/elected by the Members as provided for in the Articles of Incorporation and the By-Laws. The Articles of Incorporation and By-Laws shall provide for each Member to appoint or elect one (1) director, and one (1) additional director shall be appointed by the owner of the Golf Course. Pursuant to Section 515B.2-121(c)(3) of the Act, Declarant hereby retains and shall have the right to appoint or remove, with or without cause, any member or members of the Board and any officer or officers of the Association until the Control Transfer Date. Within sixty (60) days after the Control Transfer Date, a special meeting of the Association shall be called, at which meeting the Members shall elect a new Board which shall undertake the responsibilities of the Board and the Association.

5.3 Board of Directors. The Board shall have the rights and duties set forth in the Articles of Incorporation and the By-Laws.

5.4 Owner's Right of Enjoyment. Every Owner shall have a beneficial interest of use and enjoyment in and to the Common Elements and such right shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- a. the right of the Association, with respect to the Common Elements, to limit the number of guests of Owners;
- b. the right of the Association to make the Rules and Regulations and to charge reasonable admission and other fees for the use of any facility situated upon the Common Elements;
- c. the right of the Association, in accordance with its Articles of Incorporation and By-Laws (and until the Control Transfer Date, subject to the prior written approval of the Declarant), to (i) borrow money for the purpose of improving and maintaining the Common Elements and facilities (including borrowing from the Declarant or any entity affiliated with the Declarant) and (ii) mortgage said property, however, the rights of such mortgagee of said property shall be subordinate to the rights of the Owners hereunder;
- d. the right of the Association through the Subassociation to cause the suspension of the Owner's voting rights in the Subassociation and the right of the Association to suspend the Owner's and Related Users right to use any recreational facilities within the Common Elements during any period in which any assessment against his or her Lot remains unpaid beyond its due date;
- e. the right of the Association through the Subassociation to cause the suspension of the Owner's voting rights in the Subassociation and the right of the Association to suspend the Owner's and Related Users' right to use any recreational facilities within the Common Elements, after notice and hearing by the Board, for the infraction or violation by such Owner or Related Users of this Declaration or the Rules and Regulations, which suspension shall continue for the duration of such infraction or violation, plus (at the Board's discretion) a period not to exceed sixty (60) days following the cessation or curing of such infraction or violation; and
- f. the right of the Association (subject, until the Control Transfer Date, to the prior written approval of the Declarant), to dedicate or transfer all or any part of the Common