

CONDOMINIUM DECLARATION

FOR

THE LARSON BUSINESS CONDOMINIUMS OF AUSTIN

KNOW ALL MEN BY THESE PRESENTS: that

WHEREAS, Scott Larson and Sarah Larson, husband and wife (hereinafter collectively called "Declarant") are the owners of the real property situated in the County of Mower, State of Minnesota, which property is described on the attached Exhibit "A", which by reference is made a part hereof; and

WHEREAS, Declarant desires to establish a condominium under the Uniform Condominium Act, Chapter 515A of the State of Minnesota; and

WHEREAS, Declarant has executed plans for the remodeling and construction of business office suites, which building and other improvements to be constructed will consist of separately limited common units used for business purposes; and

WHEREAS, Declarant intends to improve said real property by constructing thereon a multi-unit commercial building in accordance with said executed plans, said structure to be known by the name set forth hereinabove; and

WHEREAS, Declarant does hereby establish a plan for the ownership in fee simple of real property estates consisting of the area or space contained in each of the air space units in the building improvements and the co-ownership by the individual and separate owners thereof, as tenants in common, of all of the remaining property, which property is herein defined and referred to as the "common areas or common elements".

NOW, THEREFORE, Declarant does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, limitations and obligations shall be deemed to run with the land, shall be a burden and a benefit to Declarant, their grantees, heirs, devisees, representatives and assigns and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, devisees, representatives and assigns.

I

DEFINITIONS

Unless the context shall expressly provide otherwise, as used in this Declaration, any and all lawful amendments thereto, and all exhibits attached hereto and all reference hereby made a part hereof, the following words and terms shall have the meanings ascribed to them in this Article I.

(1) "Additional real estate" means real estate that may be added to a flexible condominium.

(2) "Affiliate of a declarant" means any person who controls, is controlled by, or is under common control with a declarant. A person "controls" a declarant if the person (i) is a general partner, officer, director, or employer of the declarant or (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than 20 percent of the voting interest in the declarant, or (iii) control in any manner the election of a majority of the directors of the declarant, or (iv) has contributed more than 20 percent of the capital of the declarant. A person "is controlled by" a declarant if the declarant (i) is a general partner, officer, director, or employer of the person or (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than 20 percent of the voting interest in the person, or (iii) controls in any manner the election of a majority of the directors of the person, or (iv) has contributed more than 20 percent of the capital of the person. Control does not exist if the powers described in this paragraph are held solely as security for an obligation and are not exercised.

(3) "Association" or "unit owners' association" means the unit owners' association organized under section 515.A.3-101.

(4) "Common element" means all portions of a condominium other than the units.

(5) "Common expenses" means expenditures made or liabilities incurred by or on behalf of the association, together with any allocations to reserves.

(6) "Common expense liability" means the liability for common expenses allocated to each unit pursuant to section 515A.2-108.

(7) "Condominium" means real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions. Real estate is not a condominium unless the undivided interests in the common elements are vested in the unit owners.

(8) "Conversion condominium" means a condominium in which a building was at any time before the recording of the declaration wholly or partially occupied by persons other than purchasers and persons occupied with the consent of the purchasers.

(9) "Declarant" means:

(a) if the condominium has been created, (1) any person who has executed a declaration or an amendment to a declaration to add additional real estate, other than persons holding interests in the real estate solely as security for an obligation, persons whose interests in the real estate will not be conveyed to unit owners, or, in the case of a leasehold condominium, a lessor who possesses no special declarant rights and who is not an affiliate of a declarant who

possesses special declarant rights, or (2) any person who succeeds under section 515A.3-104 to any special declarant rights; or

(b) any person who has offered prior to creation of a condominium to dispose of the person's interest in a unit to be created and not previously disposed of.

(10) "Dispose" or "disposition" means a voluntary transfer of any legal or equitable interest in a unit, other than as security for an obligation.

(11) "Flexible condominium" means a condominium to which additional real estate may be added.

(12) "Leasehold condominium" means a condominium in which all of the real estate is subject to a lease, the expiration or termination of which will terminate the condominium.

(13) "Limited common element" means a portion of the common elements allocated by the declaration or by operation of section 515A.2-102(2) or (4) for the exclusive use of one or more but fewer than all of the units.

(14) "Person" means a natural person, corporation, partnership, trust, or other entity, or any combination thereof.

(15) "Purchaser" means any person, other than a declarant, who prior to creation of the condominium enters into a purchase agreement with a declarant or who by means of a voluntary transfer after creation of the condominium holds a legal or equitable interest in a unit, other than (i) a leasehold interest (including renewal options) of less than three years, or (ii) as security for an obligation.

(16) "Real estate" means any leasehold for three years or more or other estate or interest in, over, or under land, including structures, fixtures, and other improvements and interests which by custom, usage, or law pass with a conveyance of land though not described in the contract of sale or instrument of conveyance. "Real estate" includes parcels with or without upper or lower boundaries.

(17) "Security for an obligation" means the vendor's interest in a contract for deed, mortgagee's interest in a mortgage, purchaser's interest under a sheriff's certificate of sale during the period of redemption, or the holder's interest in a lien.

(18) "Special declarant rights" means rights reserved for the benefit of a declarant to complete improvements indicated on the condominium plat (section 515A.2-110); to add additional real estate to a flexible condominium (section 515A.2-111); to subdivide or convert a unit (section 515A.2-115); to maintain sales offices, management offices, signs advertising the condominium, and models (section 515A.2-117); to use easements through the common elements for the purpose of making improvements within the condominium or any additional real estate (section 515A.2-118); or to appoint or remove any board member during any period of declarant control (section 515A.3-103(a)).

(19) "Unit" means a portion of the condominium, whether or not contained solely or partially within a building, designated for separate ownership, the boundaries of which are described pursuant to section 515A.2-110.

(20) "Unit owner" means a declarant who owns a unit, a person to whom ownership of a unit has been conveyed or transferred, or in a leasehold condominium a lessee of a unit whose lease expires simultaneously with any lease the expiration or termination of which will remove the unit from the condominium, but does not include a holder of an interest as security for an obligation.

II

CONDOMINIUM PLANS

Attached hereto and labeled Exhibit "B", which by reference is made a part hereof, is the condominium plans showing the layout, location, common elements and limited common elements, stating the name of the building. Simultaneously with the recording of this Declaration, there is filed with the recording officer a copy of the condominium plat required by M.S.A. 515A.2-110, bearing the verified statement of Jones, Haugh & Smith, registered architects, certifying that it is an accurate copy as to the part of the plat prepared by them and that the condominium plat accurately depicts all information required, including depicting the dimensions of the portions of the condominium described in the condominium plat. The condominium plat shall show the number of the condominium and the boundaries and dimensions of the land included in the condominium; the dimension and location of all existing structural improvements and roadways; the intended location and dimensions of any contemplated common element improvement to be constructed within the condominium, the location and dimensions of any additional real estate, the location and dimensions of limited common elements, and the location and dimensions of unit boundaries.

In interpreting the plans, the existing physical boundaries of each unit as constructed shall be conclusively presumed to be its boundaries.

Declarant reserves the right to amend the plans, from time to time, to conform same to the actual physical location of the constructed improvements and to any changes, modifications or alterations.

III

DIVISION OF PROPERTY INTO CONDOMINIUM UNITS

1. The property is hereby divided into separate fee simple estates each consisting of one business suite together with an appurtenant undivided interest in and to the limited common areas and facilities.

2. The separate units hereby established, and which shall be individually conveyed, are described in Exhibit "C" which is by this reference made a part hereof. Each unit shall be identified on the Exhibit "B" plans by its unit number.

3. The undivided interest in limited common units and common unit areas hereby established and which shall be conveyed with each respective unit are as set out in Exhibit "D" which is by this reference made a part hereof.

The respective undivided interests established and to be conveyed with the respective units as indicated above, cannot be changed, and said Declarant, for themselves, their heirs, devisees, representatives and assigns, and grantees, covenants and agrees that the undivided interests in the common areas and facilities and the fee titles to the respective units conveyed therewith, shall be not be separated or separately conveyed, and each said undivided interest shall be deemed to be conveyed or encumbered with its respective units even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the unit.

4. The limited common units are for the use of the unit owners of the respective condominium units. The limited common unit areas so reserved are as follows:

Automobile parking: The parking spaces associated with a unit, as shown on the plans, shall be used in connection with such unit and together with other unit owners for business purposes.

IV

CHARACTER OF A CONDOMINIUM UNIT

1. A Condominium Unit may be held and owned by more than one person as joint tenants or as tenants in common, or in any real property tenancy relationship recognized under the laws of the State of Minnesota.

2. Each unit and the undivided interest in the limited common units, limited or otherwise, appurtenant thereto shall be inseparable and may be conveyed, leased, devised or encumbered only as a condominium unit.

3. Every contract for the sale of a condominium unit written prior to the substantial completion of the condominium unit and prior to the filing for record of the plans may legally describe a condominium unit by its identifying unit number followed by the name of the condominium as hereinabove set forth with further reference to the plans thereof to be filed for record and the Declaration to be recorded.

Every deed, lease, mortgage, trust deed, will or other instrument may legally describe a condominium unit by its identifying unit number followed by the said name of the condominium with further reference to the plans thereof filed for record and the recorded Declaration. Every such description shall be good and sufficient for all purposes to sell, convey,

transfer, encumber or otherwise affect not only the unit but also the common areas and facilities, limited or otherwise, appurtenant thereto. Each such description shall be construed to include a non-exclusive easement for ingress and egress through the limited common areas and for use and support thereof together with the right to the exclusive use of the limited common areas.

4. The limited common areas shall be owned in common by all of the unit owners and shall remain undivided, and no owner shall bring any action for partition or division of the limited common unit areas.

5. Each unit owner shall be entitled to exclusive ownership and possession of its unit. Each unit owner may use the limited common areas and facilities, whether limited or otherwise, in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other unit owners.

6. Declarant shall give written notice to the assessor of the County of Mower, Minnesota, of the creation of unit ownership of this property, pursuant to the Minnesota Unit Ownership Act, so that each unit and the undivided interest in the limited common areas and facilities appurtenant thereto shall be deemed a parcel and subject to separate assessment and taxation.

V

USE AND OCCUPANCY OF CONDOMINIUM UNITS

1. Each unit shall be used and occupied principally for business purposes by the unit owner, by the unit owner's guests, invitees and tenants, as well as customers, subject however to the provisions relating to a right of first refusal and other unit owners as set out hereinafter under Article X of this Declaration.

2. The owners of the respective units shall not be deemed to own lines, pipes, wires, conduits or systems running through said respective units which are utilized for, or serve more than one unit, except as tenants in common with the other owners as heretofore provided in Article III. Said unit owner, however, shall be deemed to own the interior non-supporting walls, the materials (such as but not limited to plaster, gypsum dry wall, paneling, wall paper, paint, wall and floor tile, and flooring, but not including the sub-flooring) making up the finished surfaces of the perimeter walls, ceilings and floors within the unit and the unit doors and windows.

3. In the event that any portion of the limited common unit area encroaches upon a unit, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event the building is partially or totally destroyed, and then rebuilt, the unit owners agree that minor encroachment of parts of the limited common unit areas due to construction shall be permitted and that valid easement for said encroachment and the maintenance thereof shall exist. Such encroachment and easements shall not be considered or determined to be encumbrances either on the limited common unit areas or on the units.

4. Subsequent to the completion of the improvements described on the plans, no labor performed or materials furnished and incorporated in a unit with the consent or at the request of a unit owner or its agent or his contractor or subcontractor shall be the basis for filing of a lien against the unit of any other unit owner not expressly consenting to or requesting the same, or against the limited common unit areas. Each owner shall indemnify and hold harmless each of the other owners from and against all liability arising from the claim of any lien against the unit of any other owner or against the limited common unit areas for construction performed or for labor, materials, services or other products incorporated in the owner's unit at such owner's request. The provisions herein contained are subject to the rights of the Board of Managers of the association of unit owners.

VI

ADMINISTRATION AND MANAGEMENT

1. An owner of a unit shall automatically, upon becoming the owner of a said unit, be a member of the association of unit owners, hereinafter referred to as the "Association", and shall remain a member of said Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease.

2. The owners of units covenant and agree that the administration of the property shall be in accordance with the provisions of this Declaration and the Bylaws of the Association which are made a part hereof and attached as Exhibit "E".

3. Each owner, tenant or occupant of a unit shall comply with the provisions of this Declaration, the Bylaws, decisions and resolutions of the Association or its representative, as lawfully amended from time to time, and failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action to recover sums due, for damages, or for injunctive relief.

4. This Declaration shall not be removed or any of the provisions herein amended unless all of the owners and the mortgagees of all of the mortgages covering the units unanimously agree to such revocation or amendment by duly recorded instruments.

5. The proportionate shares of the separate owners of the respective units in the profits and common expenses in the limited common unit areas, as well as their proportionate representation for voting purposes in the Association, is based on the proportionate value that each of the units, referred to herein, bears to the total value of all of the units. The value of the respective units, their respective interests for voting purposes, and their proportionate shares in the common profits and expenses shall be as set out in Exhibit "F", attached hereto and hereby made a part hereof.

6. The Association shall elect by a majority, a Board of Managers which will represent the Association in all matters relating to the property.

VII

MAINTENANCE, REPAIRS AND RESERVATIONS OF RIGHT OF ACCESS

1. For purposes of maintenance, repair, alteration and remodeling, an owner shall be deemed to own the interior non-supporting walls, the materials (such as but not limited to plaster, gypsum dry wall, paneling, wallpaper, paint, wall and floor tile, and flooring, but not including the sub-flooring) making up the finished surfaces of the perimeter walls, ceilings and floors within the unit and the unit doors and windows. The owner shall not be deemed to own lines, pipes, wires, conduits or systems (which for brevity are hereafter referred to as utilities) running through his unit which serve one or more other units except as a tenant in common with the other owners. Such utilities shall not be disturbed or relocated by any owner without written consent and approval of the Board of Managers of the Association. Such right to repair, alter and remodel shall carry the obligation to replace any finishing or other materials removed with similar or other types or kinds of materials. An owner shall maintain and keep in repair the interior of his own unit, including the fixtures thereof. All fixtures and equipment installed within the unit commencing at a point where the utilities enter the unit shall be maintained and kept in repair by the owner thereof. An owner shall do no act or any work that will impair the structural soundness or integrity of the building or impair any easement or hereditament.

2. The owners shall have the irrevocable right, to be exercised by the Board of Managers of the Association, to have access to each unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the limited common unit area or to another unit.

Damage to the interior or any part of a unit or units resulting from the maintenance, repair, emergency repair or replacement of any of the limited common unit area or as a result of emergency repairs within another unit at the instance of the Association shall be a common expense of all the owners; provided, however, that if such damage is the result of the negligence of a unit owner, then such unit owner shall be responsible for all of such damage. Restoration of the damaged improvements shall be substantially the same as the condition of such improvements prior to the damage.

3. The Board of Managers shall obtain and maintain at all times insurance of the type and kind provided hereinabove and including for such other risks, of a similar or dissimilar nature, as are or shall hereafter customarily be covered by reasonable insurance companies authorized to do business in the State of Minnesota. The insurance shall be carried in blanket policy form naming the Association the insured, as attorney-in-fact (for the unit owners), which policy or policies shall identify the interest of each unit owner (owner's name, unit number, the appurtenant undivided interest in the limited common unit area), and which policy or policies shall provide a standard, non-contributory mortgagee clause in favor of each first mortgagee, and that it cannot be cancelled by either the insured or the insurance company until after ten days prior written notice is first given to each owner and each first mortgagee. The Board of Managers shall furnish a certified copy of such blanket policy and the certificate identifying the interest of the mortgagor. All policies of insurance shall provide that the insurance thereunder

shall be invalidated or suspended only in respect to the interest of any particular owner guilty of a breach of warranty, act, omission, negligence or non-compliance of any provision of such policy, including payment of the insurance premium applicable to that owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy, but the insurance under any such policy, as to the interests of all other insured owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

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

4. All sums assessed but unpaid for the share of common expenses chargeable to any Condominium Unit shall constitute a lien on such unit superior (prior) to all other liens and encumbrances, except for:

a. Taxes and special assessment liens on the unit in favor of any assessing unit, and

b. All sums unpaid on a first mortgage or first deed of trust of record, including all unpaid obligatory sums as may be provided by such encumbrance.

To evidence such lien the Board of Managers shall prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the unit owner and a description of the Condominium Unit. Such a notice shall be signed by one of the Board of Managers and may be recorded in the office of the County Recorder of Mower County, Minnesota. Such lien for the common expenses shall attach from the date of the failure of payment of the assessment. Such lien may be enforced by foreclosure of the defaulting owner's Condominium Unit by the Association in like manner as a mortgage on real property upon the recording of a notice or claim thereof. In any such foreclosure, the owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing the notice or claim of lien and all reasonable attorneys' fees. The owner shall also be required to pay to the Association the monthly assessment for the Condominium Unit during the period of foreclosure, and the Association shall be entitled to a Receiver to collect the same. The Association shall have the power to bid on the Condominium Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey same.

Any encumbrancer holding a lien on a Condominium Unit may pay, but shall not be required to pay, any unpaid common expenses payable with respect to such Condominium Unit, and upon such payment such encumbrancer shall have a lien on such Condominium Unit for the amounts paid of the same rank as the lien of his encumbrance.

The Association shall report to the mortgagee of a Condominium Unit any unpaid assessments remaining unpaid for longer than thirty days after the same are due.

5. The amount of the common expenses assessed against each Condominium Unit shall be the personal and individual debt of the owner thereof at the time the assessment is made. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing same. No owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the limited common unit areas or by abandonment of his unit.

6. Upon payment of a reasonable fee not to exceed Fifteen Dollars and upon the written request of any owner or any mortgagee or prospective mortgagee of a Condominium Unit, the Association, by the financial officer of the Association, shall issue a written statement setting forth the amount of the unpaid common expenses, if any, with respect to the subject Condominium Unit, the amount of the current monthly assessment and the date that such assessment becomes due, credit for advance payments or for prepaid items, including but not limited to insurance premiums, which statement shall be conclusive upon the Association in favor of all persons who rely thereon in good faith. Unless such request for a statement of indebtedness shall be complied with within ten days, all unpaid common expenses which become due prior to the date of making such request shall be subordinate to the lien of the person requesting such statement.

VIII

COMMON EXPENSES

1. All owners shall be obligated to pay the estimated assessments imposed by the Board of Managers of the Association to meet the common expenses. The assessments shall be made pro rata according to each owner's percentage interest in and to the limited unit common area, except for hazard insurance premiums. Assessments for insurance premiums shall be based upon that proportion of the total premium(s) that the insurance carried on a Condominium Unit bears to total coverage. The limited unit common area shall be maintained as a limited unit common area, and owners having exclusive use thereof shall not be subject to any special charges or assessments. Assessments for the estimated common expenses, including insurance, shall be due monthly in advance on the first day of each month. The Board of Managers shall prepare and deliver or mail to each owner an itemized monthly statement showing the various estimated or actual expenses for which the assessments are made.

2. The assessments made for common expenses shall be based upon the cash requirements deemed to be such aggregate sum as the Board of Managers of the Association shall from time to time determine is to be paid by all of the Condominium Unit owners, including Declarant, to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the limited unit common area, which sum may include, among other things, expenses of management; taxes and special assessments, until separately assessed; premiums for fire insurance with extended coverage and vandalism and malicious mischief with endorsements attached issued in the amount of the maximum replacement value of all of the Condominium Units (including all fixtures; interior walls and partitions; decorated and finished surfaces of perimeter walls, floors and ceilings; doors, windows and other elements or materials comprising a part of the units); casualty and public

liability and other insurance premiums; landscaping and care of grounds; common lighting and heating; repairs and renovations; trash collections; wages; water charges; legal and accounting fees; management fees; expenses and liabilities incurred by the Board of Managers under or by reason of this Declaration; for any deficit remaining from a previous period; the creation of a reasonable contingency or other reserve or surplus fund as well as other costs and expenses relating to the common areas and facilities. The omission or failure of the Board of Managers to fix the assessment for any month shall not be deemed a waiver, modification or a release of the owners from their obligations to pay.

3. The grantee of a Condominium Unit shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his proportionate share of the common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore; provided, however, that upon payment of a reasonable fee not to exceed Fifteen Dollars, and upon written request, any such prospective grantee shall be entitled to a statement from the Board of Managers setting forth the amount of the unpaid assessments, if any, with respect to the subject Condominium Unit, the amount of the current monthly assessment, the date that such assessment becomes due, and credits for advanced payments or for prepaid items, including but not limited to insurance premiums, which statement shall be conclusive upon the Association. Unless such request for such a statement shall be complied with within ten days of such request, then such requesting grantee shall not be liable for, nor shall the unit conveyed be subject to a lien for any unpaid assessments against the subject unit. The provisions contained in this paragraph shall not apply upon the initial transfer of the Condominium Units by Declarant.

IX

MORTGAGE OF A CONDOMINIUM UNIT

Any unit owner shall have the right from time to time to mortgage or encumber his interest by deed of trust, mortgage or other security instrument. A first mortgage shall be one which has first and paramount priority under applicable law. The unit owner may create junior mortgages on the following conditions:

1. That any such junior mortgages shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, obligations, lien for common expenses, and other obligations created by this Declaration and the Bylaws of the Association;

2. That the mortgagee under any junior mortgage shall release, for the purpose of restoration of any improvements upon the mortgaged premises, all of his right, title and interest in and to the proceeds under all insurance policies upon said premises which insurance policies were affected and placed upon the mortgaged premises by the Association. Such release shall be furnished forthwith by a junior mortgagee upon written request of one or more of the Board of Managers of the Association.

RIGHT OF FIRST REFUSAL

1. In the event any unit owner other than the Declarant shall wish to sell, lease or rent the same, and shall have received a bona fide offer therefore from a prospective purchaser, lessee or tenant, the remaining unit owners shall be given written notice thereof together with an executed copy of such offer and the terms thereof. The right of first refusal herein provided shall not apply to leases, subleases or tenancies having a term of less than sixty-one days, but any such lease or tenancy shall not be renewable nor extended except by compliance with the provisions herein. Such notice and copy shall be delivered to the Board of Managers for all of the owners. The remaining unit owners through the Board of Managers, or a person named by them, shall have the right to purchase, lease or rent the subject unit upon the same terms and conditions as set forth in the offer therefore, provided written notice of such election to purchase, lease or rent is given to the selling, leasing or renting owner, and a matching down payment or deposit is provided to the selling, leasing or renting owner during the ten-day period immediately following the delivery of the notice of the bona fide offer and copy thereof to purchase, lease or rent.

2. In the event any owner other than the Declarant shall attempt to sell, lease or rent his Condominium Unit without affording to the other owners the right of first refusal herein provided, such sale, lease or rental shall be wholly null and void and shall confer no title or interest whatsoever upon the intended purchaser, lessee or tenant who shall be subject to eviction and removal, forcibly or otherwise, with or without process of law.

3. The subleasing or subrenting of said interest shall be subject to the same limitation as are applicable to the leasing or renting thereof. The liability of the owner under and by the provisions contained in this Declaration shall continue, notwithstanding the fact that he may have leased or rented said interest as provided herein.

4. In no case shall the right of first refusal reserved herein affect the right of an owner to subject his Condominium Unit to a bona fide trust deed, mortgage or other security instrument.

5. The failure of or refusal by the owners to exercise the right to so purchase, lease or rent shall not constitute or be deemed to be a waiver of such right to purchase, lease or rent when an owner receives any subsequent bona fide offer from a prospective purchaser, lessee or tenant.

6. The right of first refusal, as provided herein, shall extend and run for the period of the lives of Scott Larson and Sarah Larson, husband and wife, and the survivor of them, plus twenty-one years.

7. Except as is otherwise provided in paragraph 8 of this Article, each and every conveyance by a grantor(s) of a Condominium Unit shall be, for all purposes, deemed to include and incorporate in such instrument of conveyance an agreement that the grantee carry out the provisions of the 'right of first refusal' as provided in this paragraph.

8. In the event of any default on the part of any owner under any first mortgage which entitles the holder thereof to foreclose same, any sale under such foreclosure, including delivery of a deed to the first mortgagee in lieu of such foreclosure, shall be made free and clear of the provisions of paragraph 1 of this Article, and the purchaser (or grantee under such deed in lieu of foreclosure) of such Condominium Unit shall be thereupon and thereafter subject to the provisions of this Declaration and the Bylaws of the Association. If the purchaser following such foreclosure sale (or grantee under deed given in lieu of such foreclosure) shall be the then holder of the first mortgage, or its nominee, the said holder or nominee may thereafter sell and convey the Condominium Unit free and clear of the provisions of paragraph 1 of this Article, but its grantee shall thereupon and thereafter be subject to all of the provisions hereof.

9. The following transfers are also exempt from the provisions of paragraph 1 of this Article:

a. The transfer by operation of law of a deceased joint tenant's interest to the surviving tenant(s) .

b. The transfer of a deceased's interest to a devisee by will or his heirs at law under intestacy laws.

c. The transfer of all or any part of a partner's interest as a result of withdrawal, death or otherwise, to the remaining partners carrying on the partnership business and/or to a person or persons becoming partners. A transfer of all or part of a partner's or partner's interests between one or more partners and/or to persons becoming partners.

d. The transfer of all or any part of an owner's interest to a corporation; provided, however, that at least fifty percent (50%) of the stock of such corporation is thereafter owned and retained by that owner. A transfer of stock by one or more shareholders of a corporation owning a condominium unit; provided, however, that at least fifty percent (50%) of the stock is retained by the shareholders of the corporation.

Such persons, owners or grantees acquiring an interest shall be subject to all of the provisions of paragraph 1 of this Article except as is provided herein.

10. Upon written request of any prospective transferor, transferor, tenant or an existing or prospective mortgagee of any condominium unit, the Board of Managers of the Association shall forthwith, or where time is specified, at the end of the time, issue a written and acknowledged certificate in recordable form, evidencing that:

a. With respect to a proposed lease or sale under paragraph 1 of this Article, that proper notice was given by the selling or leasing owner and that the remaining owners did not elect to exercise their option to purchase or lease;

b. With respect to a deed to a first mortgagee or its nominee in lieu of foreclosure, a deed from such first mortgagee or its nominee, pursuant to paragraph 8 of this Article, that the deeds were in fact given in lieu of foreclosure and were not subject to the provisions of paragraph 1 of this Article;

c. With respect to any contemplated transfer which is not, in fact, a sale or lease, that the transfer will not be subject to the provisions of paragraph 1 of this Article.

Such a certificate shall be conclusive evidence of the facts contained therein.

XI

ASSOCIATIONS AS ATTORNEY-IN-FACT

1. This Declaration does not hereby make mandatory the irrevocable appointment of an attorney in fact to deal with the property upon its destruction, repair or obsolescence.

2. Title to any Condominium Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed from the Declarant or from any owner shall constitute appointment of the attorney in fact herein provided. All of the owners irrevocably constitute and appoint the Association their true and lawful attorney in their name, place and stead for the purpose of dealing with the property upon its destruction or obsolescence as is hereinafter provided. As attorney in fact, the Association, by its president and secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of a unit owner which are necessary and appropriate to exercise the powers herein granted. Repair and reconstruction of the improvement(s) as used in the succeeding paragraphs means restoring the improvement(s) to substantially the same condition in which it existed prior to the damage, with each apartment and the common areas and facilities, limited and otherwise, having substantially the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, restoration or replacements unless the owners and all first mortgagees agree not to rebuild in accordance with the provisions set forth hereinafter.

3. In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvement(s), shall be applied by the Association, as attorney in fact, to such reconstruction, and the improvement(s) shall be promptly repaired and reconstructed. The Association shall have full authority, right and power; as attorney in fact, to cause the repair and restoration of the building.

4. If the insurance proceeds are insufficient to repair and reconstruct the building, and if such damage is not more than fifty per cent of all of the Condominium Units (the whole building), such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney in fact, using the proceeds of insurance and the proceeds of an assessment to be made against all of the unit owners and their Condominium Units. Such deficiency assessment shall be a common expense and made pro rata according to each owner's percentage interest in the limited unit common area and shall be due and payable within thirty days after written notice thereof. The Association shall have full authority, right and power, as attorney in fact, to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an owner to pay the assessment. The assessment provided for herein shall be a debt of each owner and a lien on his Condominium Unit and may be enforced and collected as is provided in Article VII. In addition thereto, the

Association, as attorney in fact, shall have the absolute right and power to sell the Condominium Unit of any unit owner refusing or failing to pay such deficiency assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the Condominium Unit of the delinquent owner shall be sold by the Association, as attorney in fact. The proceeds derived from the sale of such Condominium Unit shall be used and disbursed by the Association, as attorney in act, in following order:

- a. For payment of the balance of the lien of any first mortgage;
- b. For payment of taxes and special assessments liens in favor of any assessing entity;
- c. For payment of unpaid common expenses;
- d. For payment of junior liens and encumbrances in the order of and to the extent of their property; and
- e. The balance remaining, if any, shall be paid to the unit owner.

5. If more than fifty per cent of all of the Condominium Units (the whole building), are destroyed or damaged, and if a majority of the unit owners (as defined in Article I(k)) do not voluntarily, within one hundred days thereafter, make provisions for reconstruction, which plan must have the unanimous approval or consent of every first mortgagee, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire remaining premises shall be sold by the Association as attorney in fact for all of the owners, free and clear of the provisions contained in this Declaration, the plans and the Bylaws. The insurance settlement proceeds shall be collected by the Association, and such proceeds shall be divided by the Association according to each unit owner's interest (as such interests appear on the policy or policies), and such divided proceeds shall be paid into separate accounts, each such account representing one of the Condominium Units. Each such account shall be in the name of the Association, and shall be further identified by the Condominium Unit designation and the name of the unit owner. From each separate account the Association, as attorney in fact, shall forthwith use and disburse the total amount (of each) of such accounts, without contribution from one account to another, toward the partial or full payment of the lien of any first mortgage against the Condominium Unit represented by such separate account. Thereafter, each such account shall be supplemented by the apportioned amount of the proceeds derived from the sale of the entire property. Such apportionment shall be based upon each unit owner's percentage interest in the limited unit common area. The total funds of each account shall be used and disbursed, without contribution from one account to another, by the Association, as attorney in fact, for the same purposes and in the same order as is provided in paragraph (4)(a) through (e) of this Article. The provisions contained in this paragraph shall not hinder the protection given to a first mortgagee under a mortgage endorsement.

6. If a majority of the unit owners (as defined in Article I (k)) adopt a plan for reconstruction, which plan has the unanimous approval of all first mortgagees, then all of the owners shall be bound by the terms and other provisions of such plan. Any assessment made in

connection with such plan shall be a common expense and made pro-rata according to each owner's percentage interest in the limited unit common area and shall be due and payable as provided by the terms of such plan, but not sooner than thirty days after written notice thereof. The Association shall have full authority, right and power, as attorney in fact, to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an owner to pay the assessment. The assessment provided for herein shall be a debt of each owner and a lien on his Condominium Unit and may be enforced and collected as is provided in Article VII. In addition thereto, the Association, as attorney in fact, shall have the absolute right and power to sell the Condominium Unit of any owner refusing or failing to pay such assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the Condominium Unit of the delinquent owner shall be sold by the Association. The proceeds derived from the sale of such Condominium Unit shall be used and disbursed by the Association, as attorney in fact, for the same purposes and in the same order as is provided in paragraph (4)(a) through (e) of this Article.

7. The owners representing an aggregate ownership interest of eighty-five percent or more, of the limited unit common area may agree that the Condominium Units are obsolete and adopt a plan for the renewal and reconstruction, which plan has the unanimous approval of all first mortgagees of record at the time of the adoption of such plan. If a plan for the renewal or reconstruction is adopted, notice of such plan shall be recorded, then the expense thereof shall be payable by all of the owners as common expenses; provided, however, that an owner not a party to such a plan for renewal or reconstruction may give written notice to the Association within 15 days after the adoption of such plan that such Condominium Unit shall be purchased by the Association for the fair market value thereof. The Association shall then have fifteen days within which to cancel such plan. If such plan is not cancelled, then the Condominium Unit shall be purchased according to the following procedures.

8. If such owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within thirty days thereafter. If the parties are unable to agree, the date when either party notifies the other that he or it is unable to agree with the other shall be the "commencing date" from which all periods of time mentioned herein shall be measured. Within ten days following the commencement date, each party shall nominate in writing (and give notice of such nomination to the other party) an appraiser who shall be actively engaged in the real estate business in Mower County, Minnesota. If either party fails to make such a nomination, the appraiser nominated shall, within five days after default by the other party, appoint and associate with him another appraiser actively engaged in the real estate business in Mower County, Minnesota. If the two appraisers designated by the parties, or selected pursuant hereto in the event of the default of one party, are unable to agree, they shall appoint another appraiser actively engaged in the real estate business in Mower County, Minnesota to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, then each appraiser previously appointed shall nominate two persons actively engaged in the real estate business in Mower County, Minnesota, and from the names of the four persons so nominated one shall be drawn by lot by any judge of any court of record in Minnesota, and the name so drawn shall be such umpire. The nominations from whom the umpire is to be drawn by lot shall be submitted within ten days of the failure of the two appraisers to agree, which, in any event, shall not be later than twenty days following the appointment of the second appraiser. The

decision of the appraisers as to the fair market value, or in the case of their disagreement, the such decision of the umpire, shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the owner. The sale shall be consummated within fifteen days thereafter, and the Association, as attorney in fact, shall disburse such proceeds as is provided in paragraph (4) (a) through (e) of this Article.

9. The owners representing an aggregate ownership interest of seventy-five per cent, or more, of the limited unit common area may agree that the Condominium Units are obsolete and that the same should be sold. Such plan (agreement) must have the unanimous approval of every first mortgagee. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire premises shall be sold by the Association, as attorney in fact for all of the owners, free and clear of the provisions contained in this Declaration, the plans and the Bylaws. The sales proceeds shall be apportioned between the owners on the basis of each owner's percentage interest in the limited unit common area, and such apportioned proceeds shall be paid into separate accounts, each such account representing one Condominium Unit. Each such account shall be in the name of the Association, and shall be further identified by the Condominium Unit designation and the name of the owner. From each separate account the Association, as attorney in fact, shall use and disburse the total amount (of each) of such accounts, without contribution from one account to another, for the same purposes and in the same order as is provided in paragraph (4) (a) through (e) of this Article.

ARTICLE XII

PERSONAL PROPERTY FOR COMMON USE

The Association may acquire and hold for the use and benefit of all of the unit owners, real, tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in any such property shall be owned by the unit owners in the same proportion as their interest in the limited unit common area and shall not be transferable except with a transfer of a Condominium Unit. A transfer of a Condominium shall transfer to the transferee ownership of the transferor's beneficial interest in such property without any reference thereto. Each unit owner may use such property in accordance with the purpose for which it is intended, without hindering or encroaching upon the lawful rights of the other owners. The transfer of title to a Condominium Unit under foreclosure shall entitle the purchaser to the beneficial interest in such personal property associated with the foreclosed Condominium Unit.

ARTICLE XIII

MAILING ADDRESSES

Each owner shall register his mailing address with the Association, and except for monthly statements and other routine notices, all other notices or demands intended to be served upon an owner shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the owner at such registered mailing address. Unless and until a different person is appointed therefore by the Board of Managers and notice thereof, stating the name and address

of such person, is duly recorded with the County Recorder or Registrar of Title, as the case may be, of Mower County, Minnesota, all notices, demands or other notices intended to be served upon the Board of Managers of the Association or the Association shall be sent by certified mail, postage prepaid, to Scott Larson and Sarah Larson, 927 Onalaska, WI 54650. Notice of any change of address of the person so appointed shall be given in the same manner, and until it is so given, such mailing to the previous address shall be sufficient.

ARTICLE XIV

SERVICE OF PROCESS

Unless and until a different person is appointed by the Board of Managers and notice thereof given in the same manner as set out in Article XIII, the name of the person to receive service of process in cases which involve the property herein described as a whole is Scott Larson, and said service of process may be served on said person at _____, City of Austin, County of Mower, Minnesota. The Board of Managers shall give immediate notice of any such change of address of such person in the same manner as set out in Article XIII.

ARTICLE XV

TERMINATION

1. The separate Condominium Units created by this Declaration and the plan shall continue until this Declaration is revoked in the manner and as is provided in paragraph 4 of Article VI of this Declaration or until terminated in the manner and as is provided in paragraphs 5 and 8 of Article XI of this Declaration.

2. Furthermore, all of the unit owners may remove the property from the provisions of the Minnesota Uniform Condominium Act by an instrument to that effect, duly recorded, provided that the holders of all liens affecting any of the units consent thereto or agree, in either case by instruments duly recorded, that their liens be transferred to the percentage of the undivided interest of the unit owner in the property. Upon such removal, the property shall be deemed to be owned in common by the unit owner. The undivided interest in the property owned in common which appertains to each unit owner shall be the percentage of undivided interest previously owned by such owner in the limited unit common area.

XVI

GENERAL RESERVATIONS

Declarant, for themselves, their heirs, legatees, representatives, assigns and lessees, reserves the following:

1. The right to construct on adjoining property commercial office space, and other similar improvements, with all the facilities necessary thereto, part of which may be physically

attached to the building herein. The plan shall locate the points, lines or areas of the physical attachment of the improvements referred to.

XVII

MISCELLANEOUS

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

2. The provision of this Declaration shall be in addition and supplemental to the Uniform Condominium Act of the State of Minnesota and to all other provisions of law.

3. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders, or either gender depending on context.

IN WITNESS WHEREOF, Declarant has duly executed this Declaration the _____ day of _____, 2008.

Scott Larson

Sarah Larson

STATE OF MINNESOTA

COUNTY OF MOWER

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by Scott Larson and Sarah Larson, husband and wife.

Notary Public

EXHIBIT A

LAND DESCRIPTION

Lots 1 and 2, Block 2, and Lots 9 and 10, Block 2, except the South 55 feet thereof, Morgan's Addition to the City of Austin, Mower County, Minnesota.

EXHIBIT C

DESCRIPTION OF SEPARATE UNITS

Unit No.

- 1
- 2
- 3
- 4
- 5
- 6

EXHIBIT F

PROPORTIONATE VALUES

| <u>Unit No.</u> | <u>Value</u> | <u>Respective Interests For Voting Purposes and Proportionate Shares In Common Profits and Expenses</u> |
|-----------------|--------------|---|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| | | <hr/> 100% |