

Common Interest Community No. _____

(Planned Community)

The SANCTURY RIDGE PRIVATE ESTATES

Declaration

THIS DECLARATION is made as of this ____ day of _____, 2024, by Ran Property Group LLC, a Minnesota limited liability company, herein called "Declarant", pursuant to the provisions of the Minnesota Common Interest Ownership Act, Minnesota Statutes Sections 515B.1-101 through 515B.4-118 (the "Act"), as amended.

RECITALS

Declarant is the owner of the following described real estate:

Lots 1-4 Block 1 and lots 1-11 Block 2 The Sanctuary Ridge, Crow Wing County, Minnesota, together with any easements appurtenant thereto, which is referred to herein as the "Real Estate".

Declarant intends, to establish on the Real Estate a plan for a residential community to be owned, occupied and operated for the use, health, safety and welfare of its resident owners and occupants and for the purpose of preserving the value, the structural quality, and the original architectural and aesthetic character of the Real Estate.

Declarant wishes now to establish the Real Estate as a planned community under the Act.

NOW THEREFORE, Declarant, declares that the Real Estate is and shall be divided, held, transferred, conveyed, sold, leased, occupied and developed subject to the Act and to the covenants, conditions, restrictions, easements, charges and liens set forth in this declaration, which shall run with the Real Estate and be binding upon all parties having any right, title or interest in the Real Estate, their heirs, successors and assigns, and which shall inure to the benefit of each Lot Owner, and the heirs, successors and assigns of each Lot Owner.

Note to Readers

Many provisions of the Act which govern this common interest community ("CIC"), and of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Chapter 317A under which the Association is formed, are not repeated in this declaration. This declaration should be read in conjunction with both statutes.

1.00 DEFINITIONS

1.01 Words defined in the Act shall have the meaning ascribed to them in the Act. The following are supplemental definitions.

- a. "Association" shall mean The Sanctuary Ridge Private Estates Inc., a Minnesota nonprofit corporation.
- b. "Board of Directors" or "Board" shall mean the board of directors of the Association.
- c. "Common Area" shall mean Outlot A, Outlot C The Sanctuary Ridge, Crow Wing County, Minnesota. Outlot B is not part of this development common area this will be retained by the developer for future development.
- d. "Common Improvements" shall mean the paving, utility lines, utility equipment, storm sewer, retaining wall, lighting, and other improvements and accessories intended for common use and enjoyment located on the Common Elements, without regard to their character as fixtures or personal property that lay outside of individual lots.
- e. "Member/Owner(s)" shall mean any person or entity holding membership in the Association.
- f. "Lot(s)" shall mean any Lots 1-4 Block 1 and Lots 1-11 Block 2 The Sanctuary Ridge, Crow Wing County, Minnesota.
- g. " Dwelling(s)" shall mean a part of a building consisting of a group of rooms and hallways on one or more floors which are designed or intended for occupancy as a single family residence, and located within the boundaries of a Lot. The Dwelling includes any garage attached thereto or otherwise included within the boundaries of the Lot in which the Dwelling is located.

2.00 IDENTITY OF REAL ESTATE AND CIC

2.01 This declaration establishes Common Interest Community No. _____, Crow Wing County, Minnesota, under the name The Sanctuary Ridge Private Estates. It is a planned community (and not a condominium or cooperative), and is not subject to a master association. The Real Estate included within this CIC is legally described as follows:

Lots 1-4 Block 1 and lots 1-11 Block 2 The Sanctuary Ridge, Crow Wing County, Minnesota, together with any easements appurtenant thereto

3.00 CIC PLAT

- 3.01 The plat of The Sanctuary Ridge recorded with the County Recorder for Crow Wing County, Minnesota as Document No. _____, pursuant to Minnesota Statutes, Chapter 505, constitutes the CIC Plat for this CIC.

4.00 OWNERS ASSOCIATION

- 4.01 The Sanctuary Ridge Private Estates Inc. has been incorporated as a Minnesota nonprofit corporation under Minnesota Statutes, Chapter 317A to act as the Association of Owners required by section 515B.3-101 of the Act.

5.00 LOTS AND LOT IDENTIFIERS

- 5.01 This CIC consists of 15 lots. The lot identifier of each Lot shall be the lot numbers and the subdivision name of the CIC Plat.

6.00 BOUNDARIES

- 6.01 The Lot boundaries shall be the boundary lines of the platted lots as designated on the CIC Plat. The Lot have no upper or lower boundaries.

7.00 LOTS ARE RESIDENTIAL

- 7.01 All Lots are restricted to residential use. Only detached (commonly called "detached single family") Dwellings and outbuilding as permitted by Crow Wing County and as defined in this document may be constructed and maintained on this CIC, Dwellings may be constructed or maintained thereon.

8.00 COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

- 8.01 Common Elements. The common elements and their characteristics are as follows:
- a. The common elements include the Common Area and those parts of the Real Estate designated as common elements in the Act (particularly Section 515B.2-102(d)), the Association's and the Owners' easement rights set forth in Section 13.00 below, and the Common Improvements.
 - b. The common elements shall be subject to appurtenant easements for services, public and private utilities, access, use and enjoyment in favor of each Lot and its Owners and occupants; subject to (i) the rights of Owners and occupants in limited common elements appurtenant to their Lots and (ii) the right of the Association to establish reasonable Rules and Regulations governing the use of the Real Estate.
 - c. The maintenance, repair, replacement, control, management and operation of the common elements shall be the exclusive responsibility of the Association.

- d. 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 this declaration.

8.02 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 Lots to which they are allocated, and the rights to the use and enjoyment thereof are automatically conveyed with the conveyance of such Lots. Driveway paving and pipes, wires, conduits or other utility installations or any other components and fixtures lying partly within and partly outside the boundaries of a Lot, which serve only that Lot, are limited common elements allocated solely to that Lot.

9.00 ALLOCATION OF VOTING POWER AND COMMON EXPENSES

9.01 Each of the Lots is hereby allocated an equal one fifteenth of the common expenses, and one vote in the Association. However, certain expenses may be assessed on a different basis, or against one or fewer than all Lots, under the following circumstances:

- a. Any common expense associated with the maintenance, repair, or replacement of a limited common element undertaken by the Association may be assessed exclusively against the Lot or Lots to which that limited common element is assigned, on the basis of (i) equality, (ii) square footage of the area being maintained, repaired or replaced, or (iii) the actual cost incurred with respect to each Lot.
- b. Any common expense or portion thereof benefiting fewer than all of the Lots may be assessed exclusively against the Lots benefited, on the basis of (i) equality, (ii) square footage of the area being maintained, repaired or replaced, or (iii) the actual cost incurred with respect to each Lot.
- c. The costs of insurance may be assessed in proportion to value, risk or coverage, and the costs of utilities may be assessed in proportion to actual usage, or if actual usage is difficult or expensive to ascertain, in proportion to a reasonable good faith estimate of usage.
- d. Reasonable attorneys fees and other costs incurred by the Association in connection with (i) the collection of assessments and (ii) the enforcement of the declaration, bylaws, the Act, or the Rules and Regulations, against an Owner or occupant or their guests, may be assessed against the Owner's Lot.
- e. Fees, charges, late charges, fines and interest may be assessed as provided in Section 515B.3-116(a) of the Act.
- f. If any damage to the common elements or another Lot is caused by the act or omission of any Owner or occupant, or their guests, the Association may assess the costs of repairing the damage exclusively against the Owner's Lot to the extent not covered by insurance.

- g. If any installment of an assessment becomes more than thirty (30) days past due, then the Association may, upon ten (10) days written notice of the Owner, declare the entire amount of the assessment immediately due and payable in full.
- h. If common expense liabilities are reallocated for any purpose authorized by the Act, Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.
- i. Assessments described in Subsections 9.01.a-h shall not be considered special assessments as described in Section 10.03.

10.00 ASSESSMENTS

10.01 General Provisions. Section 515B.3-115 of the Act specifies how assessments are assessed and collected. Section 515B.3-116 specifies how the lien for assessments is created and enforced, and to which interests it is either superior or subordinate.

10.02 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. Annual assessments shall provide, among other things, for contributions to a separate reserve fund sufficient to cover the periodic cost of maintenance, repair and replacement of the common elements and those parts of the Lots for which the Association is responsible.

- a. Until a common expense assessment is levied, Declarant shall pay all accrued expenses of the common interest community.
- b. After a common expense assessment is levied, the annual assessment may be subsequently increased by the Board, subject to the following subsection c.
- c. Until the termination of the period of Declarant control described in Section 21.01, the increase in the annual assessment for any year shall not exceed the greater of (i) the increase in the U.S. Department of Labor Revised Consumer Price Index for Urban Wage Earners and Clerical Workers for All Items for Minneapolis/St. Paul for the prior year; or (ii) five percent (5%) of the total annual assessment for the Association's previous fiscal year, unless such 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. Written notice of the meeting shall be sent to all Owners not less than twenty-one (21) days nor more than thirty (30) days in advance of the meeting.

10.03 Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any unforeseen or non budgeted or under budgeted common expense, including without limitation the unexpected construction, reconstruction, repair or replacement of a capital improvement and including fixtures and personal property related thereto, and the exterior maintenance of Dwellings and garages, provided that any such assessment shall have the assent of not less than a majority of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose.

10.04 Maintenance Assessments. In addition to annual and special assessments, the Association may levy in any assessment year a maintenance assessment, without a vote of the Owners, for the purpose of defraying in whole or in part the cost of maintenance, repair or replacement of any common element. The assessments provided for in this Section are intended to provide funding for (i) "staged" maintenance programs whereby the Association implements the overall maintenance and repair of the Real Estate in a series of stages from year to year and (ii) maintenance required by a single or limited number of Lots. Maintenance assessments shall be levied in equal shares against only the Lot or Lots benefited. The assessment shall be a personal obligation of the Owner and a lien against the Lot with the same priority and enforceability as any lien for annual or special assessments.

10.05 Commencement of Initial Annual Assessments. The first annual assessment shall commence on a date determined by the Board, and shall be adjusted according to the number of months remaining in the calendar year. However, that part of an annual assessment that is allocated to replacement reserves shall be fully assessed against a Lot no later than substantial completion of the exterior of the Dwelling.

10.06 Commencement of Annual Assessments. By November 30 of each year the Board shall fix the amount of annual assessments against each Lot for the following fiscal year and shall send written notice thereof to each Owner. The due date for payment of annual assessments shall be as set by the Board. At the time the Board fixes the amount of annual assessments it shall adopt a budget for the following fiscal year and cause a copy of such budget in reasonable detail to be furnished to each Owner.

10.07 Lien Priority; Foreclosure. A lien under this Section is prior to all other liens and encumbrances on a Lot except (i) liens and encumbrances recorded before the Declaration, (ii) any first mortgage on the Lot, and (iii) liens for real estate taxes and other governmental assessments or charges against the Lot. Notwithstanding the foregoing, if a first mortgage on a Lot is foreclosed, the first mortgage was recorded on or after June 1, 1994, and no Owner redeems during the Owner's period of redemption provided by Chapters 580, 581, and 582, then the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage shall take title to the Lot subject to unpaid assessments for common expenses levied pursuant to Section 515B.3-115(a), (e)(1) to (3), (f), and (i) of the Act which became due, without acceleration, during the six (6) months immediately preceding the first day following the end of the Owner's period of redemption.

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

11.00 LIMITED ASSESSMENT PROGRAM

11.01 The Declarant hereby establishes a limited assessment program of the type described in Section 515B.3-1151 of the Act. Notwithstanding anything apparent to the contrary in Article 10.00 above, if a common expense assessment has been levied, any Lots owned by Declarant (and which have never been conveyed to anyone else) shall be liable for all budgeted replacement reserves, but after deducting such reserves from the amount of the assessments, shall be liable only for twenty-five percent (25%) of

the balance of the assessments levied on such Lot, until such time as the Lot is conveyed. Such Lot shall be liable for full assessments upon the first day of the first month following the earlier of (i) conveyance of the Lot by Declarant. Although this limited assessment program will not affect the allocated share of replacement reserves attributable to Lots owned by Declarant, there are no assurances that there will be no effect on the level of services for items set out in the Association's budget included in the disclosure statement or otherwise approved by the Association.

12.00 EASEMENTS

- 12.1 Access Easements. The Real Estate shall be subject to, and the Owners of all Lots shall be the beneficiaries of, an easement for access to and from the Lots, on and across the Common Area to Sanctuary Lane, a public street, subject to any restrictions set forth in this Declaration.
- 12.2 Utilities Easements. The areas identified as the Common Area shall be subject to, and the Owners of all Lots shall be the beneficiaries of, easements for the construction, use and maintenance of water, sanitary sewer, storm sewer, storm water drainage, gas, electricity, telephone, cable television, data and other utility services, on, under and across said areas.
- 12.4 Declarant's Easements. Declarant shall be the beneficiary of the easements for construction and sales activity described below.
- 12.5 Recorded Easements. The Real Estate shall be subject to such other easements as may be recorded against it or shown on the CIC Plat.
- 12.6 Easement for Maintenance, Repair, Replacement and Reconstruction. The Real Estate shall be subject to the rights of the Association to a non-exclusive easement on and over the Common Area for the purposes of maintenance, repair, replacement and reconstruction of the Common Improvements, and on and over the Lots to the extent necessary to fulfill the Association's obligations under the Declaration, Bylaws or the Act, including without limitation, to maintain the exterior of Dwellings. The Common Area shall also be subject to the right of private and public utility companies to construct, use and maintain lines and fixtures therein which serve the Real Estate.
- 12.7 Emergency Access. In case of emergency, all Lots are subject to an easement for access, without notice and at any time, by an officer or Board member of the Association, by the Association's management agents or by any public safety personnel. The Board may require that an Owner or occupant leave keys to the unit with another Owner of his or her choice, and to advise the manager or Board of the location of the keys, so as to allow access for emergencies when the Owner or occupant is absent for extended periods.
- 12.8 Permanent Easements. All easements described in this declaration are permanent easements, running with the land, and except for easements in favor of the Crow Wing County or a utility company, are appurtenant. They shall at all times inure to the benefit of and be binding on the Owner and the mortgagee, from time to time, of any Lot, and their respective heirs, successors, personal representatives or assigns. Subject to the restrictions set forth herein, an Owner may delegate the right of enjoyment of an easement to resident contract vendees and tenants. Please note Outlot A and Outlot C may be placed in a conservation easement. No buildings will be allowed to be place, in these areas, unless permission is granted by Crow Wing County.

12.9 Continuation and Scope of Easements. Notwithstanding anything in this declaration to the contrary, in no event shall an Owner or occupant be denied reasonable access to his or her Lot or the right to utility services thereto. The easements set forth in this Article 12.00 shall supplement and not limit any easements described elsewhere in this Declaration or otherwise recorded, and shall include reasonable access to the Common Area through the units as reasonably necessary for purposes of maintenance, repair, replacement and reconstruction.

13.00 ASSOCIATION MAINTENANCE RESPONSIBILITY

13.01 Dwelling Exteriors. Each Owner will maintain their Dwelling exteriors, driveways, parking area, etc. Snow removal.

13.02 Lawn and Planting Maintenance; Patios. Each Owner will maintain their lawn and plantings.

13.03 Services. The Association may obtain and pay for the services of any persons or entities, to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the proper operation of the Real Estate, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Real Estate or the enforcement of this declaration. The Association may arrange with others to furnish trash collection and other common services to each Lot.

13.04 Personal Property and Real Estate for Common Use. The Association may acquire and hold for the use and benefit of all of the Owners tangible and intangible personal property and real estate and may dispose of the same by sale or otherwise. Such beneficial interest shall not be transferable except with the transfer of title, provided that an Owner may delegate his or her right of enjoyment of such property to residents of his or her Lot. A transfer of title shall transfer to the transferee ownership of the transferor's beneficial interest in such property in accordance with the purpose for which it is intended, without hindering or encroaching upon the lawful rights of other Owners. The transfer of title to a Lot under foreclosure shall entitle the purchaser to the beneficial interest in such property associated with the foreclosed Lot.

13.05 Utilities. The Lot Owners shall maintain, replace and repair septic and water lines and water wells:

14.00 OWNERS' MAINTENANCE

14.01 Upkeep and Maintenance. Each Owner shall be responsible for the upkeep and maintenance of his or her Dwelling, garage, patio and all other areas, features or parts of the Lot to the extent not otherwise maintained by the Association, and each Owner shall maintain the same free of hazardous substances, pests and debris which may pose a threat to the health or safety of occupants of other Lots. Each Owner will maintain the structural elements of his or her Dwelling in good condition and repair. Every Owner must perform promptly all cleaning, maintenance and repair work within his or her Dwelling, garage or yard, which, if omitted, would affect another Lots, being expressly responsible for the damages and liabilities that failure to do so may engender.

15.00 INSURANCE, CASUALTY AND REBUILDING

15.01 Association's Policies. The Association may obtain an insurance policy, as it deems necessary.

15.02 Owners' Individual Policies. Each Owner should carry insurance for his or her own benefit insuring his or her personal liability and complete coverage on their Dwellings and Lot. IT IS THE RESPONSIBILITY OF EACH OWNER TO DETERMINE THAT THE COVERAGE PURCHASED DIRECTLY BY THE OWNER GIVES THE OWNER COMPLETE COVERAGE.

16.00 ARCHITECTURAL RESTRICTIONS

16.01 Architectural Control Committee Authority. No residential or other building, fence, garage, outbuilding or other structure, driveway, nor any addition, including change of color, repainting of the exterior, shall be made, erected, altered, placed or permitted to remain on any portion of the Real Estate unless and until detailed plans and specifications and proposals, including plans which show the external design, the colors and color scheme, the decoration, the construction, and the materials to be used in construction, the dimensions, and the location of the same shall have been submitted to and approved in writing by an Architectural Control Committee (hereinafter described) as to harmony of the external design and location in relation to surrounding buildings in the subdivision and as to general appearance and quality. In the event said Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it (in such reasonable detail as the Committee may require), or if no suit to enjoin the making of such construction, removal, additions, alterations, or changes has been commenced within sixty (60) days of such submission, such approval will be deemed to have been given. If no such submission has been made to the Architectural Control Committee or its representatives, suit to enjoin or remove such additions, alterations or changes may be instituted at any time by the Association or any Owner. The Board of Directors, on request, will issue a certificate as to the state of compliance or noncompliance of a particular Lot, and any such certificate will be binding as to third parties. Any deviation from said plans and specifications as approved which in the judgment of the said Committee is a substantial change or a detriment to the appearance of the structure or of the surrounding area shall be corrected to conform to the plans and specifications as submitted. Owners are reminded that additions and remodeling may also be subject to Crow Wing County's approval under the PUD ordinance or under other zoning, planning, architectural or building ordinances.

16.02 Architectural Restrictions. Each Lot is allowed one residential home with an attached garage and one outbuilding. The minimum size of the residential homes is eighteen hundred (1800) square feet for a slab on grade with a minimum of five hundred (500) square foot attached garage. The minimum size of the residential homes is twenty-eight hundred (2800) square feet for a home with a basement with a minimum of five hundred (500) square foot attached garage. The minimum size of the residential homes is twenty-four hundred (2400) square feet for a slab on grade with a second story a minimum of five hundred (500) square foot attached garage. Driveways need to have a curve to hide the home from the street. All roofs must be a minimum of 6/12 pitched roof. Homes must have a covered front porch or patio. No pre-built or modular homes are allowed. Colors may not be pascal colors. Owners can only remove trees and brush for ten (10) feet on with side of the driveway from the road surface to 50 (fifty) feet onto their lot. This will help hide the house from the road. Owners cannot remove trees or brush within ten (10) feet of side property lines, unless the tress are dead or dying. Siding must be cement board (or similar), brick, stucco, or stone (either real or cultured). No

vinyl siding is allowed. Outbuildings must be one level (attic trusses are allowed), side wall height can be no more than fourteen (14) feet, no more than a 8/12 roof pitch. Outbuildings must be stick framed (no pole sheds) with the same or similar siding to the main Dwelling. Outbuildings must be a minimum of seventy-five (75) feet from the road. Only one driveway to each Lot is allowed.

16.03 Prompt Completion. Every structure must be erected and completed on the exterior within eighteen (18) months of approval, or new approval obtained. If any structure is begun, and is not completed within eighteen (18) months after the commencement of construction, and in the judgment of the Architectural Control Committee is by reason of its incomplete state of offensive or unsightly appearance, the Committee, at its discretion after ten (10) days written notice to the Owner of the Lot, may take such steps as may be necessary, in its judgment, to improve the appearance so as to make the real estate harmonious with neighboring properties, including entering upon the Lot, completion of the exterior of the structure, screening or covering of the structure, or any combination thereof or similar operation, and the amount of any expenditure made in so doing shall be a lien on the Lot enforceable in like manner as assessments hereunder.

16.04 Declarant's Rights. Nothing herein contained shall be deemed to prohibit Declarant from making changes to the plans, specifications, and appearance of buildings constructed from time to time on vacant Lots, but all buildings shall be consistent in terms of quality and harmonious in general appearance with previously constructed buildings. During the period of Declarant control, the decisions of the Architectural Control Committee must have the written approval of the Declarant.

16.05 Composition of Committee. The Architectural Control Committee shall be the Board of Directors of the Association, or a committee of three (3) or more persons so designated by the Board.

16.06 Restoration in Accordance with Original Plans. Any restoration or repair of the exterior of Dwellings and garages, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the declaration and the original plans and specifications, unless other action is approved by the Architectural Control Committee and by mortgagees holding mortgages on Lots which have at least sixty-seven percent (67%) of the votes of Lots subject to mortgages.

16.07 Removal and Abatement. The Architectural Control Committee or the Board shall have the right to order an Owner to remove or alter any structure on any Lot erected in violation of the terms of this declaration, and to employ appropriate judicial proceedings to compel the alteration or demolition of any nonconforming construction or other violation; or take whatever steps are deemed necessary to cure such violation. Any cost incurred by the Architectural Control Committee shall be levied as a Maintenance Assessment as provided in Section 10.04 above.

16.08 Exterior Lighting. All exterior lighting fixtures and standards shall be shown on submitted plans and shall comply with the overall lighting plan of the Declarant. All forms of exterior lighting shall be subject to approval of the Architectural Control Committee.

16.09 Exterior Ornaments. Exterior ornaments including but not limited to precast concrete, plastic or wood figurines, wishing wells, birdbaths and windmills are allowed, provided they are set back a minimum of seventy-five (75) feet from the road surface.

16.10 Privacy Fences. Privacy fences shall be allowed. Fences must be a minimum of ten (10) feet off side property lines and cannot be installed closer than seventy-five (75) feet from the road surface.

17.00 RENTAL RESTRICTIONS

17.01 Dwelling. These Lots are intended for and will be leased from time to time. No restrictions as to the number of Lots that are being leased at one time, will be imposed on the Lot Owners. Any lease between an Owner and a lessee shall provide that the terms of the lease shall be subject in all respects to the provisions of this declaration, the Articles of Incorporation and the Bylaws, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease, which may be enforced by the Association as well as the Lot Owner. A lease must be for an entire Dwelling, not a portion thereof. All leases shall be in writing. A copy of all leases shall be provided to the Board within thirty (30) days of the beginning of the lease. No lease may be for a period of less than thirty (30) days, and each Lot cannot be leased more than four (4) times in a calendar year. Other than the foregoing, there shall be no restrictions on the right of any Owner to lease his or her Dwelling.

18.00 GENERAL RESTRICTIONS

18.01 Exterior Storage. No exterior storage of unlicensed vehicles, no campers, no busses, no semis or construction equipment shall be permitted to be kept on the Lots, unless it is kept inside the garage or outbuilding.

18.02 Animals. Domestic pets are allowed. No more than four (4) household pets and four (4) chickens can be kept on a Lot. Pets must be kept inside the home. Upon the petition of two (2) or more Lot Owners located within four hundred (400) feet of the Lot in which resides a specified pet, the Board may order the removal of a particular dog for constant and uncontrolled barking, or of any particular animal for repeated instances of wandering unleashed or other repeated behavior reasonably offensive to others, provided that the Owner of the Lot harboring the animal shall first have thirty (30) days' written notice in which to correct the offensive behavior. No dogs that are considered dangerous breeds are allowed. Up to four (4) egg laying chickens are allowed. No rosters are allowed.

18.03 Prohibited Structures. No structure of a temporary character, trailer, boat, camper-bus, tent, or shack shall be maintained on any Lot nor shall any garage or other building, except a permanent residence, be used at any time as a residence or sleeping quarters, either temporarily or permanently.

18.04 General Storage. Outside storage of any items (other than patio-type furniture and working cookie grills), including but without limiting the generality of the foregoing, sporting equipment, toys, yard and garden tools and equipment, and trash and garbage containers, shall not be allowed unless effectively screened from view from outside the Lot by enclosures.

18.05 Signs. No sign of any kind shall be displayed to the public view on any Lot, except:

- a. Designations, in such styles and materials as the Board shall by regulation approve, of street addresses and names of occupants;
- b. "For Sale" and "For Rent" signs may be displayed provided that they are in such styles and materials as the Board shall by regulation approve;

- c. Election posters during campaigns; and
- d. Declarant shall be permitted to erect and maintain upon the Real Estate such signs as it deems necessary to advertise the development during the construction and sale periods.

Without limiting the generality of the foregoing, the Board of Directors may by resolution prohibit the distinctive and particular "For Sale" signs used by real estate brokers and agents.

18.6 No Additional Units. Neither the Declarant nor any other Lot Owner is permitted to create any additional units by subdivision or conversion under Section 515B.2-112 of the Act. Outlot B is not part of this Association or development. This property may be developed or sold to another developer without the notice or approval by the Association.

18.7 No Time Shares. Time shares, as defined in the Act, are not permitted in this CIC.

18.8 Rules and Regulations. The Board shall have the exclusive authority to adopt from time to time such other rules and regulations governing the administration of the affairs of the Association, the use, maintenance and enjoyment of the Real Estate, and the conduct of persons using the Real Estate, as the Board in its reasonable discretion deems desirable or necessary to implement the intent of this declaration. New or amended rules and regulations shall be effective only after reasonable notice thereof has been given to the Owners.

19.00 SPECIAL DECLARANT RIGHTS

19.01 Special Declarant Rights. Declarant hereby reserves the following rights (referred to in the Act as Special Declarant Rights) for its benefit for as long as it owns a Lot:

- a. the right to create Lots by this declaration;
- b. the right to complete other improvements;
- c. the right to maintain sales offices, management offices, signs advertising the common interest community, and models provided that no more than one combined sales and management office may be maintained, and no more than four (4) model units will be maintained at any one time in Lots selected by Declarant;
- d. the right to appoint or remove any officer or director of the Association during the period of declarant control, which shall expire on the earliest of the following events:
 - 1. surrender of the right of control by the Declarant;
 - 2. sixty (60) days after the conveyance of seventy-five percent (75%) of the Lots to Owners other than Declarant; and
 - 3. three (3) years from the first conveyance of a Lot to an Owner other than Declarant.

- e. the right to use easements through the common elements for the purpose of making improvements.

20.00 AMENDMENTS

21.01 The Act specifies the requirements for amending the declaration. In addition to those requirements:

20.02 Declarant's Joinder. In addition to the other requirements for amendment of this Declaration and the Bylaws contained herein, the written joinder and consent of the Declarant shall be required for any amendment of either the Declaration or Bylaws which shall abolish, diminish or restrict Declarant's rights hereunder to complete improvements, to maintain sales and management offices and models or to maintain signs and advertise the project, until the last conveyance of a Lot to an Owner other than Declarant. This right may be waived in whole or part at any time by recording a written waiver executed and acknowledged by Declarant.

20.03 Mortgagee Approval. In addition to all other requirements set forth herein, and except when a higher percentage is required by law or this Declaration, amendments to this Declaration of a material nature must be agreed to by Lot Owners who represent at least sixty-seven (67%) of the total allocated votes in the Association and by mortgage holders who have submitted a written request to the Association to be notified of any proposed action requiring consent of mortgage holders, who represent at least fifty-one (51%) of the votes ascribed to Lots that are subject to mortgages held by such mortgage holders. A change to any of the provisions governing the following matters would be considered material:

- a. voting rights;
- b. increases in assessments that raise the previously assessed amount by more than twenty-five (25%), assessment liens, or the priority of assessment liens;
- c. reductions in reserves for maintenance, repair, and replacement of common elements;
- d. responsibility for maintenance and repairs;
- e. reallocation of interests in the general or limited common elements (if any), or rights to their use;
- f. redefinition of any Lot boundary;
- g. convertibility of Lots into common elements or vice versa;
- h. expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the project;
- i. hazard or fidelity insurance requirements;
- j. imposition of any restrictions on the leasing of Lots;

- k. imposition of any restrictions on a Lot Owner's right to sell or transfer his or her Lot;
- l. a decision by the Association to establish self management if professional management had been required previously by the holder of a first mortgage on a Lot;
- m. restoration or repair of the project (after damage or partial condemnation) in a manner other than that specified in the declaration; or
- n. any provisions that expressly benefit mortgage holders, insurers, or guarantors
- o. any additional changes or restrictions on the ability of an Owner to lease their Lot

21.00 WORKING CAPITAL FUND

21.01 Establishment. The Declarant shall establish a working capital fund intended to meet unforeseen expenditures or to purchase any additional equipment or services. At the time control of the Association is transferred to Owners, the working capital fund shall be transferred to the Association for deposit in a segregated fund. The fund shall be initially established at an amount equal to two (2) months' assessments on all Lots. The amount attributable to a particular Lot will be collected and deposited in the fund at the time of closing of Declarant's sale of the Lot, provided that when control of the project is transferred to Owners, the amounts attributable to all Lots which have not then closed shall be collected. A contribution from each Lot to the working capital fund is measured by two(2) months' assessments, but amounts paid into the fund are not advance payments of regular assessments.

21.02 Declarant's Accounting. The Declarant may not use working capital funds to defray any of its expenses, reserve contributions or construction costs or to make up any budget deficits while it is in control of the Association. When unsold Lots are sold, however, the Declarant may reimburse itself from funds collected at a Lot closing for money it paid the Association for that Lot's share of the working capital fund.

22.00 COMPLIANCE AND REMEDIES

22.01 Compliance. Each Owner and occupant and any other person owning or acquiring any interest in the Real Estate, shall be governed by and comply with the provisions of the Act, the declaration and bylaws, the Rules and Regulations, the decisions of the Association, and such amendments thereto as may be made from time to time. A failure to comply shall entitle the Association to the relief set forth in this Section, in addition to the rights and remedies authorized elsewhere by the declaration, bylaws or the Act.

22.02 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 declaration or bylaws 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 declaration or bylaws, 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 declaration or bylaws, the Rules and Regulations or the Act, as a measure to enforce such Owner's position, or for any other reason.

22.03 Sanctions and 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 of the following actions against Owners and occupants and/or their guests, who violate the provisions of the declaration or bylaws, the Rules and Regulations or the Act:

- a. Commence legal action for damages or equitable relief in any court of competent jurisdiction.
- b. Impose late charges of up to fifteen (15%) of each late payment of an assessment or installment thereof.
- c. In the event of default of more than thirty (30) days in the payment of any assessment or installment thereof, all remaining installments of assessments assessed against the Lot owned by the defaulting Owner may be accelerated and shall then be payable in full if all delinquent assessments, together with all costs of collection and late charges, are not paid in full prior to the effective date of the acceleration. Reasonable advance written notice of the effective date of the acceleration shall be given to the defaulting Owner.
- d. Impose reasonable fines, penalties or charges for each violation of the Act, the declaration or bylaws, or the Rules and Regulations of the Association.
- e. Suspend the rights of any Owner or occupant and their guests to use any common element amenities; provided, that this limitation shall not apply to limited common elements or deck, balcony or patio easements, appurtenant to the Lot, and those portions of the common elements providing utilities service and access to the Lot. Such suspensions shall be limited to periods of default by such Owners and occupants in their obligations under the declaration or bylaws, and for up to thirty (30) days thereafter, for each violation.
- f. 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 their guests in violation of the declaration or bylaws, and to assess the cost of such restoration against the responsible Owners and their Lots.
- g. Enter any Lot or limited common element in which, or as to which, a violation or breach of the declaration or bylaws 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 Real Estate 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 Lot or limited common elements which is causing the violation; provided, that any improvements which are a part of a Lot may be altered or demolished only pursuant to a court order or with the agreement of the Owner.
- h. Foreclose any lien arising under the provisions of the declaration or bylaws or under law, in the manner provided for the foreclosure of mortgages by action or under a power of sale in the state where the Real Estate is located.

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

22.05 Lien for Charges, Penalties, Etc. Any assessments, charges, fines, penalties, or interest imposed under this Section 22.00 shall be a lien against the Lot of the Owner or occupant against whom the same are imposed and the personal obligation of such Owner in the same manner and with the same priority and effect as assessments under Section 10.00. The lien shall attach as of the date of imposition of the remedy, but shall not be final as to violations for which a hearing is held until the Board 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 right to pursue any others.

22.06 Costs of Proceedings 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, declaration, bylaws or Rules and Regulations, whether or not finally determined by a court or arbitrator, the Association may assess the violator and his or her Lot 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.

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

22.08 Enforcement by Owners. The provisions of this Section shall not limit or impair the independent rights of other Owners to enforce the provisions of the declaration, bylaws, the Rules and Regulations, and the Act as provided therein.

24.00 MISCELLANEOUS

23.01 Right to Cure. In the event that any Owner violates any covenant or fails to perform any condition contained in this declaration, the Association may perform the act, remove the defect or correct the violation upon thirty (30) days written notice to the Owner. If the Association so acts on behalf of an Owner, the Association may levy an assessment against the Owner's Lot for the cost of the performance or correction as a Maintenance Assessment as provided in Section 10.04.

23.02 Association Acts through Board. The power and authority of the Association as provided in the applicable Statutes, the Declaration, Bylaws, and Rules and Regulations shall be vested in a Board of

Directors elected by the Owners in accordance with the Bylaws of the Association. The Association shall act through the Board of Directors and the officers elected by the Board; accordingly, all references in the Declaration and Bylaws to action by the Association shall mean the Board of Directors acting for the Association, unless action by the vote of the Owners, members or mortgagees is expressly required by the Declaration or Bylaws.

23.03 Notices. Any notice required to be sent to any Owner or the Association under the provisions of this declaration shall be deemed to have been received sent when mailed, postage prepaid, to the last known address of such Member appearing on the records of the Association at the time of such mailing or to the address of the Association, except that a notice changing the address of a Member shall be effective on receipt by the Association. In the case of multiple Owners of a Lot, notice to any one of such Owners shall be deemed notice to all.

23.04 Captions. The headings in this declaration are intended for convenience only and shall not be given any substantive effect.

23.05 Construction. In the event of an apparent conflict between this declaration and the Bylaws, the provisions of this declaration shall govern. The use of pronouns such as "his", "he" and "him" are for literary purposes and mean whenever applicable the plural and female forms.

23.06 Not Subject to Ordinance. This CIC is not a conversion of existing buildings to a CIC within the meaning of Minnesota Statutes Section 515B.1-106(c), and is therefore not subject to any ordinance of the type authorized or permitted by said statute.

23.07 Declarant's Rights and Obligations. The Declarant shall enjoy the same rights and shall be deemed to have assumed the same duties with respect to its unsold Lots in the CIC as any other Owner, except as modified or extended by the alternate assessment program and the special declarant rights described in this declaration.

THE SANCTUARY RIDGE PRIVATE ESTATES INC.

BYLAWS

SECTION 1 GENERAL

The following are the Bylaws of The Sanctuary Ridge Private Estates Inc., a Minnesota nonprofit corporation (the "Association"). The Association is organized pursuant to Minnesota Statutes Chapter 317A, and Section 515B.3-101 of the Minnesota Common Interest Ownership Act ("MCIOA"), for the purpose of operating and managing The Sanctuary Ridge Private Estates, a residential common interest community created pursuant to MCIOA. The capitalized terms used in these Bylaws shall have the same meaning as they have in the Declaration of The Sanctuary Ridge Private Estates (the "Declaration") and MCIOA.

SECTION 2 MEMBERSHIP

2.1 Owners Defined. All Persons described as Owners in Section 4 of the Declaration shall be Members. No Person shall be a Member solely by virtue of holding a security interest in a Lot. A Person shall cease to be a Member at such time as that Person is no longer an Owner.

2.2 Registration of Owners and Occupants. Each Owner shall register with the Secretary of the Association, in writing or by authenticated electronic communication, (i) the name and address of the Owners and any Occupants of the Lot; (ii) the nature of such Owner's interest or estate in each Lot owned; (iii) the address at which the Owner desires to receive notice of any meeting of the Owners, or the consent of the Owner to receive notice by electronic communication and the designation of the email address, facsimile number, or other available form of electronic communication by which the Owner desires to receive notice, in accordance with Minnesota Statutes Section 317A.450; and (iv) the name and address of the secured party holding the first mortgage on the Lot, if any. Each Owner shall have a continuing obligation to advise the Association in writing or by authenticated electronic communication of any changes in the foregoing information.

2.3 Transfers. The interests, rights and obligations of an Owner in the Association may be assigned, pledged, encumbered or transferred, but only along with and as a part of the title to the Owner's Lot or as otherwise specifically authorized by the Governing Documents or by law.

SECTION 3 VOTING

3.1 Entitlement. Votes shall be allocated to each Lot as provided in the Declaration. However, no vote shall be exercised as to a Lot while the Lot is owned by the Association.

3.2 Authority to Cast Vote. At any meeting of the Owners, an Owner or such Owner's representative included on the voting register presented by the Secretary in accordance with Section 4.6, or the holder of such Owner's proxy, shall be entitled to cast the vote which is allocated to the Lot owned by the Owner. If there is more than one Owner of a Lot, only one of the Owners may cast the vote. If the Owners of a Lot fail to agree as to who shall cast the vote, or fail to register pursuant to Section 2.2, the vote shall not be cast.

3.3 Voting by Proxy. An Owner may cast the vote which is allocated to the Owner's Lot and be counted as present at any meeting of the Owners by executing a written proxy naming another person entitled to act on that Owner's behalf, and delivering the same to the Secretary before the commencement of any such meeting. All proxies granted by an Owner shall be effective until the earliest of the following events: (i) revocation by the granting Owner by written notice or by personally attending and voting at the meeting for which the proxy is effective; (ii) the date specified in the proxy, if any; or (iii) the time at which the granting Owner is no longer an Owner.

3.4 Voting by Written Ballot. The vote on any issue may be determined by written ballots mailed to the Owners along with a notice of the vote, subject to the following requirements.

3.4.1 The notice of the vote shall: (i) clearly state the proposed action; (ii) indicate the number of responses needed to meet the quorum requirements; (iii) state the percentage of approvals necessary to approve each matter other than election of directors; and (iv) specify the time by which a ballot must be received by the Association in order to be counted.

3.4.2 The ballot shall: (i) set forth each proposed action, and (ii) provide an opportunity to vote for or against each proposed action.

3.4.3 The Board shall set the time for the return of ballots, which shall not be less than fifteen (15) nor more than thirty (30) days after the date of mailing of the ballots to the Owners. The Board shall provide notice of the results of the vote to the Owners within ten (10) days after the expiration of the voting period.

3.4.4 Approval by written ballot under this Section is valid only if (i) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and (ii) the number of approval votes equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

3.5 Voting by Electronic Means. Voting by ballot may also be conducted by electronic communication alone or in combination with mailed, written ballots in accordance with Section 3.4. Voting by electronic communication may only be used if the applicable Owner has registered such Owner's consent thereto in accordance with Section 2.2(iii), and Minnesota Statutes Section 317A.447. Consent by an Owner to receive notice by electronic communication in the manner designated under Section 2.2(iii), constitutes consent to receive a ballot by electronic communication in the same manner.

3.6 Vote Required. A majority of the votes (i) cast at any properly constituted meeting of the Owners, or (ii) cast by written ballot in accordance with Section 3.4, and/or by electronic communication in accordance with Section 3.5, shall decide all matters properly brought before the Owners, except where a different vote or voting procedure is required by the Governing Documents or MCIOA. The term "majority" as used herein shall mean in excess of fifty percent (50%) of the votes cast by the Owners voting in accordance with the voting procedures set forth in Section 3 and the allocation of voting power set forth in the Declaration. Cumulative voting shall not be permitted.

SECTION 4 MEETINGS OF OWNERS

4.1 Place. All meetings of the Owners shall be held at the office of the Association or at such other place in the state of Minnesota reasonably accessible to the Owners as may be designated by the Board in any notice of a meeting of the Owners.

4.2 Annual Meetings. An annual meeting of the Owners shall be held in each fiscal year on a date, and at a reasonable time and place, designated by the Board. At each annual meeting of the Owners, (i) the persons who are to constitute the Board shall be elected pursuant to Section 6; (ii) a report shall be made to the Owners on the activities and financial condition of the Association; and (iii) any other matter which is included in the notice of the annual meeting, and is a proper subject for decision by the Owners, shall be considered and acted upon at the meeting.

4.3 Special Meetings. Special meetings of the Owners may be called by the President as a matter of discretion. Special meetings of the Owners shall be called by the President or Secretary within thirty (30) days following receipt of a request, delivered in writing or by authenticated electronic communication, of a majority of the members of the Board or of Owners entitled to cast at least twenty-five percent (25%) of all the votes in the Association. The meeting shall be held within sixty (60) days following receipt of the request. The request shall state the purpose of the meeting, and the business transacted at the special meeting shall be confined to the purposes stated in the notice. The purpose for which the meeting is requested and held must be lawful and consistent with the Association's purposes and authority under the Governing Documents.

4.4 Notice of Meetings. Not less than twenty-one (21) nor more than thirty (30) days in advance of any annual meeting of the Owners, and at least seven (7), but no more than thirty (30), days in advance of any special meeting of the Owners, the Secretary shall send, to all Persons who are Owners as of the date of sending the notice, notice of the time, place and agenda of the meeting. The notice shall be sent (i) by United States mail, or by hand delivery, at the Owner's Lot address or to such other address as the Owner may have designated in writing to the Secretary, or (ii) by electronic communication if the applicable Owner has registered such Owner's consent thereto in accordance with Section 2.2(iii). The notice shall also be sent to the Mortgagees if required by the Declaration. Any Mortgagee shall, upon request, be entitled to designate a representative to be present at any meeting of the Owners.

4.5 Quorum/Adjournment. The presence of Owners (or Owners' representatives) in person or by proxy or as otherwise permitted by Minnesota Statutes Chapter 317A, who have the authority to cast in excess of fifty percent (50%) of all the votes in the Association shall constitute a quorum at all meetings of the Owners for the transaction of any business, except that of adjourning the meeting to reconvene at a subsequent time. The Association may not be counted in determining a quorum as to any Lot owned by the Association. Any meeting may be adjourned from time to time, but until no longer than fifteen (15) days later, without notice other than announcement at the meeting as initially called. If a quorum is present at the reconvened meeting, any business may be transacted which might have been transacted at the meeting as initially called had a quorum then been present. If a quorum has been established at a meeting or a reconvened meeting, the quorum shall continue to exist for the meeting in question notwithstanding the departure of any Owner who was present when the quorum was established.

4.6 Voting Register. The Secretary shall have available at the meeting a list of the Lot numbers, the names of the Owners, the vote attributable to each Lot and the name of the person (in

the case of multiple Owners or where the Owner is other than a natural person) authorized to cast the vote.

4.7 Agenda. The agenda for meetings of the Owners shall be established by the Board, consistent with the Governing Documents, and shall be sent to all Owners along with the notice of the meeting.

4.8 Meetings by Remote Communication; Participation by Remote Communication. The Board may determine to hold a regular or special meeting of the Owners solely by any combination of means of remote communication through which Owners (or their proxies) may participate, if notice of the meeting is given to every Owner entitled to vote as otherwise required for a meeting (except to the extent waived), and if the number of Owners participating in the meeting constitute a quorum. In addition to meetings held solely through means of remote communication, an Owner (or proxy) not physically present in person or by proxy at a regular or special meeting of the Owners may participate in the meeting by means of remote communication authorized by the Board. Participation by an Owner pursuant to either of the preceding sentences constitutes presence at the meeting in person or by proxy (if all other proxy requirements are met). The Board may implement reasonable measures to assure full participation, to verify legitimacy of participants and proceedings, and as the Board otherwise deems appropriate.

SECTION 5 ANNUAL REPORT

The Board shall prepare an annual report, a copy of which shall be provided to each Owner at or prior to the annual meeting. The report shall contain, at a minimum:

5.1 Capital Expenditures. A statement of any capital expenditures in excess of two percent (2%) of the Association's current budget or five thousand dollars (\$5,000.00), whichever is greater, approved by the Association for the current year or succeeding two (2) fiscal years.

5.2 Reserve Funds. A statement of the balance in any reserve or replacement fund.

5.3 Financial Statements. A copy of the statement of revenues and expenses for the Association's last fiscal year, and a balance sheet as of the end of said fiscal year.

5.4 Litigation and Judgments. A statement of the status of any pending litigation or judgments to which the Association is a party.

5.5 Insurance. A detailed description of the insurance coverage provided by the Association, including a statement as to which, if any, of the items referred to in Section 515B.3-113(b) of MCIOA are covered.

5.6 Status of Assessments. A statement of the total past due Assessments on all Lots, current as of not more than sixty (60) days prior to the date of the meeting.

SECTION 6 BOARD OF DIRECTORS

6.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors. The Board of Directors shall be composed of three directors.

6.1.1 During the Declarant Control Period, the Board of Directors shall consist of the persons appointed by Declarant from time to time, subject to the rights of Owners to elect directors as set forth in Section 6.2.1.

6.1.2 Following the termination of the Declarant Control Period, the Board of Directors shall consist of Owners or a duly authorized representative of an Owner if the Owner is an entity. A majority of the Directors shall be Owners other than the Declarant. No two directors may be Owners of the same Lot.

6.2 Term of Office. The terms of office of the members of the Board shall be as follows:

6.2.1 The Owners other than Declarant shall have the right to nominate and elect not less than one-third of the directors at a meeting of the Owners held within sixty (60) days following the conveyance by Declarant of fifty percent (50%) of the total number of Lots authorized to be included in the common interest community. The term of office of any director elected pursuant to this Section shall terminate at the same time as the directors appointed by Declarant as provided in Section 6.2.2.

6.2.2 The terms of all directors appointed during the Declarant Control Period shall terminate at an Association meeting which shall be held within sixty (60) days after the earliest of following events: (i) voluntary surrender of control by Declarant; (ii) the conveyance to Owners other than Declarant of seventy-five percent (75%) of the total number of Lots authorized to be included in the common interest community; or (iii) the date five (5) years following the date of the first conveyance of a Lot to an Owner other than Declarant.

6.2.3 The first terms of office of the directors elected by the Owners following the termination of the Declarant Control Period shall be one (1) year for one (1) of the directors and two (2) years for two (2) of the directors. Each term of office thereafter shall be two (2) years and shall expire upon the election of a successor at the appropriate annual meeting of the Owners; provided, that a director shall continue in office until a successor is elected. A number of nominees equal to the number of vacancies, and receiving the greatest numbers of votes, shall be elected, notwithstanding that one or more of them does not receive a majority of the votes cast. At the first election, the nominee or nominees receiving the greatest numbers of votes shall fill the longer terms. A director appointed or elected to fill an uncompleted term shall serve until the natural termination of that term, unless removed in accordance with these Bylaws. There is no cumulative voting for directors.

6.3 Nominations. Upon the expiration of the terms of the members of the Board appointed by Declarant, nominations for election to the Board at each subsequent annual meeting shall be made by the Board, or by a nominating committee appointed by the Board; provided, that Owners may also make nominations at any time at or before the annual meeting. Nominations shall be made only with the consent of the nominee.

6.4 Powers. The Board shall have all powers necessary for the administration of the affairs of the Association, and shall exercise for the Association all powers and authority vested in or delegated to the Association (and not expressly prohibited or reserved to the Owners) by law or by the Governing Documents. The powers of the Board shall include, without limitation, the power to:

6.4.1 adopt, amend and revoke Rules and Regulations not inconsistent with the Governing Documents, as follows: (i) regulating the use of the Common Elements; (ii) regulating the use of the Lots, and the conduct of Owners and Occupants, which may jeopardize the health, safety, or welfare of other Owners and Occupants, which involves noise or other disturbing activity, or which may damage the Common Elements or other Lots; (iii) regulating changes in the appearance of the Common Elements and conduct which may damage the Property; (iv) regulating the exterior appearance of the Property, including, for example, sidewalks, signs and other displays, regardless of whether inside a Lot; (v) implementing the Governing Documents, and exercising the powers granted by this Section; and (vi) otherwise facilitating the operation of the Property;

6.4.2 adopt and amend budgets for revenues, expenditures and reserves, levy and collect Assessments (subject to Section 6 of the Declaration), and foreclose Assessment liens incidental to its collection efforts;

6.4.3 hire and discharge managing agents and other employees, agents and independent contractors;

6.4.4 subject to the requirements set forth in Section 13.8 of the Declaration, institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more Owners on matters affecting the Common Elements or other matters affecting the Property or the Association, or (ii) with the consent of the Owners of the affected Lots, on matters affecting only those Lots;

6.4.5 make contracts and incur liabilities;

6.4.6 regulate the use, maintenance, repair, replacement and modification of the Common Elements and the Lots;

6.4.7 cause improvements to be made as a part of the Common Elements;

6.4.8 acquire, hold, encumber and convey in its own name any right, title or interest to real estate or personal property, subject to the requirements of MCIOA for the conveyance or encumbrance of the Common Elements;

6.4.9 grant easements, leases and licenses through, over and under the Common Elements, for public and private roadways and walkways, utilities and other public purposes, and for public and private cable, internet, satellite and other electronic communications systems, and to grant other easements, leases and licenses through, over or under the Common Elements as authorized by MCIOA or with approval by a majority vote of the Owners other than Declarant;

6.4.10 impose and receive any payments, fees or charges for services provided to Owners;

6.4.11 impose charges for late payment of Assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Governing Documents, the Rules and Regulations or MCIOA;

6.4.12 borrow money, and encumber or pledge the assets of the Association as security therefor; provided, that any borrowings in any twelve (12) month period which

exceed, in aggregate, twenty percent (20%) of the Association's current annual budget, shall require approval by a vote of the Owners;

6.4.13 impose reasonable charges for the review, preparation and recording of amendments to the Governing Documents, statements of unpaid Assessments, or furnishing copies of Association records;

6.4.14 provide for the indemnification of its officers, directors and committee members, and maintain directors' and officers' liability insurance;

6.4.15 provide for reasonable procedures governing the conduct of meetings and the election of directors;

6.4.16 appoint, regulate and dissolve committees; and

6.4.17 exercise any other powers conferred by law or the Governing Documents, or which are necessary and proper for the governance of the Association.

6.5 Meetings and Notices. An annual meeting of the Board shall be held promptly following each annual meeting of the Owners. At each annual meeting of the Board, the officers of the Association shall be elected.

6.5.1 Regular meetings of the Board shall be held at least on a quarterly basis, at such times as may be fixed from time to time by a majority of the directors. A schedule, or any amended schedule, of the regular meetings shall be provided to the directors, and posted or published for the information of Owners, as provided in Section 6.5.5.

6.5.2 Special meetings of the Board shall be held when called (i) by the President, or (ii) by the Secretary within ten (10) days following the receipt of a request, delivered in writing or by authenticated electronic communication, of a majority of the directors. Notice of any special meeting shall be given to each director not less than three (3) days in advance thereof, subject to Section 6.5.3. Notice to a director shall be deemed to be given when deposited in the United States mail postage prepaid to the Lot address of such director, when personally delivered, orally or in writing, by a representative of the Board, or when sent by electronic communication in the form consented to by the applicable director in accordance with Minnesota Statutes Section 317A.231.

6.5.3 Any director may at any time waive notice of any meeting of the Board orally, in writing, or by attendance at the meeting. If all the directors are present at a meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

6.5.4 A conference among directors by a means of communication through which all of the directors may participate in the meeting is a Board meeting, if (i) the same notice is given of the conference as would be required for a meeting, and (ii) the number of directors participating in the conference is a quorum. A director may participate in a board meeting by means of conference telephone or, if authorized by the Board, by such other means of remote communication, in each case through which that director, other directors so participating, and all directors physically present at the meeting may participate with each other during the meeting. Participation in a meeting by that means constitutes presence at the meeting.

6.5.5 Except as otherwise provided in this Section or by law, meetings of the Board must be open to the Owners and duly authorized representatives of the Owners. To the extent practicable, the Board shall give reasonable notice to the Owners of the date, time, and place of a Board meeting. Reasonable notice shall be deemed to have been given to the Owners if the date, time and place of meetings are provided for in the Governing Documents, announced at a previous meeting of the Board, distributed to Members in writing, posted in a location accessible to the Owners and designated by the Board from time to time, or distributed or made available by electronic communication if the applicable Owner has registered such Owner's consent thereto in accordance with Section 2.2(iii). If, however, an emergency requires immediate consideration of a matter by the Board, notice is not required. "Notice" has the meaning given in Section 11.1. Notwithstanding the foregoing, meetings may be closed at the discretion of the Board to discuss the following:

6.5.5.1 personnel matters.

6.5.5.2 pending or potential litigation, arbitration or other potentially adversarial proceedings between Owners, between the Board or Association and Owners, or other matters in which any Owner may have an adversarial interest, if the Board determines that closing the meeting is necessary to discuss strategy or to otherwise protect the position of the Board or Association or the privacy of an Owner or Occupant of a Lot.

6.5.5.3 criminal activity arising within the common interest community if the Board determines that closing the meeting is necessary to protect the privacy of the victim or that opening the meeting would jeopardize investigation of the activity.

The minutes of and the documentation discussed or submitted at such closed meeting may be kept confidential and need not be made available for review or copying pursuant to Section 8.5. Nothing in this Section imposes a duty on the Board to provide special facilities for meetings. The failure to give notice as required by this Section shall not invalidate the Board meeting or any action taken at the meeting, but shall not impair Owners' rights to exercise other remedies against the directors.

6.6 Quorum and Voting. The presence of all of the directors is required for a quorum for the transaction of business at any meeting of the Board. A quorum, once established, continues to exist, regardless of the subsequent departure of any director. Each director has one vote. The vote of a majority of the directors present at any meeting at which a quorum is present is sufficient to adopt any action. Proxies are not permitted.

6.7 Action Taken Without a Meeting. The Board shall have the right to take any action (other than an action requiring approval of the Owners) in the absence of a meeting which it could take at a meeting when authorized in a writing signed, or consented to by authenticated electronic communication, by a majority of the directors; provided, that a copy of the proposed action is given to all directors for review prior to its adoption.

6.8 Vacancies. Except with respect to directors appointed by the Declarant during the Declarant Control Period in accordance with Section 6.1.1, a vacancy in the Board shall be filled by a person elected within thirty (30) days following the occurrence of the vacancy by a majority vote of the remaining directors, regardless of their number. Each person so elected shall serve out the term vacated.

6.9 Removal. Except with respect to directors appointed by the Declarant during the Declarant Control Period in accordance with Section 6.1.1, a director may be removed from the Board, with or without cause, by a majority vote at any annual or special meeting of the Owners; provided, (i) that the notice of the meeting at which removal is to be considered states such purpose; (ii) that the director to be removed has a right to be heard at the meeting; and (iii) that a new director is elected at the meeting by the owners to fill the vacant position caused by the removal. A director may also be removed by the Board if such director (i) has more than two (2) unexcused absences from Board meetings and/or Owners meetings during any twelve (12) month period, or (ii) is more than thirty (30) days past due with respect to the payment of assessments or installments thereof on the director's Lot. Such vacancies shall be filled by the vote of the Owners as previously provided in this Section.

6.10 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, the directors of the Association shall receive no compensation for their services in such capacity. Directors may be reimbursed for out-of-pocket expenses incurred in the performance of their duties. A director or an entity in which the director has an interest may, upon approval by the Board, be reasonably compensated under a contract for goods and services furnished to the Association in a capacity other than as a director; provided (i) that the contract is approved by a majority vote of the Board, excluding the interested director, and (ii) that the director's interest is disclosed to the Board prior to approval.

6.11 Fidelity Bond. Fidelity bonds or insurance coverage for unlawful taking of Association funds shall be obtained and maintained as provided in the Declaration on all directors and officers authorized to handle the Association's funds or other monetary assets.

SECTION 7 OFFICERS

7.1 Principal Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the directors. The Board may from time to time elect such other officers and designate their duties as in their judgment may be necessary to manage the affairs of the Association. A person may hold more than one office simultaneously, except those of President and Vice President. Only the President and Vice President must be members of the Board. Owners of the same Lot may not simultaneously serve as officers of the Association, unless unanimously elected by the Board. No office may be held by the same person for more than three consecutive terms unless unanimously agreed to by the Board following the officer's third consecutive term.

7.2 Election. The officers of the Association shall be elected annually by the Board at its annual meeting and shall hold office at the pleasure of the Board.

7.3 Removal. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, with or without cause, and a successor elected, at any regular meeting of the Board, or at any special meeting of the Board called for that purpose.

7.4 President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Board and the Association. The President shall have all of the powers and duties which are customarily vested in the office of president of a corporation, including without limitation the duty to supervise all other officers and to execute all contracts and similar obligations on behalf of the Association. The President shall have such other duties as may from time to time be prescribed by the Board.

7.5 Vice President. The Vice President shall take the place of the President and perform the duties of the office whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be prescribed by the Board.

7.6 Secretary. The Secretary is responsible for recording the minutes of all meetings of the Board and the Association. The Secretary shall be responsible for keeping the books and records of the Association, and shall give all notices required by the Governing Documents or MCIOA unless directed otherwise by the Board. The Board may delegate the Secretary's administrative functions to a managing agent; provided, that such delegation shall not relieve the Secretary of the ultimate responsibility for the Secretary's duties.

7.7 Treasurer. The Treasurer is responsible for all financial assets of the Association, and shall be covered by a bond or insurance in such sum and with such companies as the Board may require. The Treasurer shall (i) be responsible for keeping the Association's financial books, Assessment rolls and accounts; (ii) cause an annual financial report to be prepared, subject to review by the Association's accountants; (iii) cause the books of the Association to be kept in accordance with generally accepted accounting practices and shall submit them to the Board for its examination upon request; (iv) cause all moneys and other monetary assets of the Association to be deposited in the name of or to the credit of the Association in depositories designated by the Board; (v) cause the proper obligations of the Association to be paid when due; and (vi) perform all other duties incident to the office of Treasurer. The Board may delegate the Treasurer's administrative functions to a managing agent; provided, that such delegation shall not relieve the Treasurer of the ultimate responsibility for the Treasurer's duties.

7.8 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, officers of the Association shall receive no compensation for their services in such capacity. Officers may be reimbursed for out-of-pocket expenses incurred in the performance of their duties. An officer or an entity in which the officer has an interest may be reasonably compensated under a contract for goods and services furnished to the Association in a capacity other than as an officer; provided (i) that the contract is approved by a majority vote of the Board, excluding the interested party, and (ii) that the officer's interest is disclosed to the Board prior to approval.

SECTION 8 OPERATION OF THE PROPERTY

8.1 Assessment Procedures. The Board shall annually prepare a budget of Common Expenses for the Association and assess such Common Expenses against the Lots according to their respective Common Expense obligations as set forth herein.

8.1.1 Subject to any limitations contained as set forth herein, the Board shall fix the amount of the annual Assessment against each Lot, levy the Assessment and advise the Owners in writing of the Assessment at least thirty (30) days prior to the beginning of the Association's fiscal year when the first Assessment installment shall be due. The failure of

the Board to timely levy an annual Assessment shall not relieve the Owners of their obligation to continue paying Assessment installments in the amount currently levied, as well as any increases subsequently levied.

8.1.2 Subject to any limitations as set forth herein, the Board may amend the budget and Assessments, or levy a special Assessment, at any time. The levy shall be deemed to occur upon the date specified in the resolution which fixes the Assessment.

8.1.3 The Board shall levy limited Assessments against only certain Lots as and if required as set forth herein. Such Assessments may be included in the annual Assessments levied against the affected Lots or may be levied separately during the year. Such Assessments are not annual or special Assessments within the meaning of the Declaration or of these Bylaws, and are not subject to any limitations on those Assessments.

8.1.4 The annual budget shall include a general operating reserve, and may include a reserve fund for the replacement of the Common Elements and any parts of the Lots that must be replaced by the Association on a periodic basis.

8.1.5 The Association shall furnish copies of each budget on which the Assessment is based to Declarant, an Owner or to any Mortgagee, upon request of such Person.

8.2 Payment of Assessments. Annual Assessments shall be due and payable in monthly or quarterly installments, as established by the Board, in advance on the first day of each month or quarter, as applicable. Special Assessments and limited Assessments shall be due when designated by the Board. Except as provided in the Declaration, all Owners shall be absolutely and unconditionally obligated to pay the Assessments and no Owner or Occupant shall have any right of withholding, offset or deduction against the Association with respect to any Assessments, or late charges or costs, regardless of any claims alleged against the Association or its officers or directors. Any rights or claims alleged by an Owner may be pursued only by separate action.

8.3 Default in Payment of Assessments. If any Owner does not make payment on or before the date when any Assessment or installment thereof is due, subject to such grace periods as may be established, the Board may assess, and such Owner shall be obligated to pay, a late charge as provided in the Declaration for each such unpaid Assessment or installment thereof, together with all expenses, including reasonable attorneys' fees and other professional fees and costs, incurred by the Board in collecting any such unpaid Assessment.

8.3.1 If there is a default of more than thirty (30) days in payment of any Assessment, the Board may accelerate any remaining installments of the Assessment upon prior written notice thereof to the Owner, as provided in the Declaration, and the entire unpaid balance of the Assessment and late charges shall become due and payable upon the date stated in the notice unless all past due amounts, late charges, fines, reasonable attorneys' and other professional fees and costs incurred by the Board, are paid prior to said date.

8.3.2 The Board shall use its best efforts to collect all Assessments, together with any charges, attorneys' fees and other professional fees and costs or expenses relating to the collection thereof. In addition, the Board shall use its best efforts to recover any and all 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 unpaid Assessments.

8.3.3 Upon written request of an Owner or a Mortgagee of such Lot, notice of a default of more than thirty (30) days in payment of any Assessment or installment of an Assessment for Common Expenses or any other default in the performance of obligations by the Owner shall be given in writing to such Owner or Mortgagee.

8.3.4 The rights and remedies referred to in this Section shall not limit the remedies available to the Association under the Declaration or by law.

8.4 Foreclosure of Liens for Unpaid Assessments. The Association has the right to foreclose a lien against a Lot for Assessments imposed by the Association, as more fully described in the Declaration and MCIOA.

8.5 Records. The Board shall cause to be kept at the registered office of the Association, and at such other place as the Board may determine, records of the actions of the Board, minutes of the meetings of the Board, minutes of the meetings of the Owners, names of the Owners and Mortgagees, and detailed and accurate records of the receipts and expenditures of the Association. With the exception of records that may be privileged information, all Association records, including receipts and expenditures and any vouchers authorizing payments, shall be available for examination by the Owners and the Mortgagees upon reasonable notice and during normal business hours. Separate accounts shall be maintained for each Lot setting forth the amount of the Assessments against the Lot, the date when due, the amount paid thereon and the balance remaining unpaid.

8.6 Financial Review. The Board shall cause the financial records of the Association to be "reviewed" by an independent certified public accountant on an annual basis, pursuant to the requirements of Section 515B.3-121 of MCIOA. The review requirement may be waived, on an annual basis, by the vote of Owners, other than the Declarant or its affiliates, holding at least thirty percent (30%) of the total votes in the Association; however, the Board may require the review or an audit notwithstanding a waiver vote. The waiver must be approved prior to sixty (60) days after the end of the Association's fiscal year. A copy of the Association's financial statements shall be delivered to all Members within one hundred eighty days (180) after the end of the Association's fiscal year, as required by MCIOA.

8.7 Enforcement of Obligations. All Owners and Occupants and their guests are obligated and bound to observe the provisions of the Governing Documents, the Rules and Regulations and MCIOA. The Association may impose any or all of the charges, sanctions and remedies authorized by the Governing Documents, the Rules and Regulations or by law to enforce and implement its rights and to otherwise enable it to manage and operate the Association.

SECTION 9 AMENDMENTS

These Bylaws may be amended, and the amendment shall be effective, upon the satisfaction of the following conditions:

9.1 Approval. The amendment must be approved by Owners who have authority to cast sixty-seven percent (67%) of the total votes in the Association; subject to any approval rights of (i) Mortgagees, or (ii) Declarant, as and if provided in the Declaration.

9.2 Notice. A copy of the proposed amendment and, if a meeting is to be held, notice of such meeting, shall be mailed by U.S. mail, hand delivered, or delivered by electronic

communication if the applicable Owner has registered such Owner's consent thereto in accordance with Section 2.2(iii).

9.3 Effective Date; Recording. The amendment shall be effective on the date upon which all of the required approvals have been obtained and need not be recorded.

SECTION 10 INDEMNIFICATION

The Association shall, to the extent the alleged liability is not covered by insurance, indemnify every individual acting in any official capacity on behalf of the Association, pursuant to the provisions of Minnesota Statutes Section 317A.521.

SECTION 11 MISCELLANEOUS

11.1 Notices. Unless specifically provided otherwise in MCIOA, Minnesota Statutes Chapter 317A, the Declaration or these Bylaws, all notices required to be given by or to the Association, the Board, the officers of the Association or the Owners or Occupants shall be (i) in writing and shall be effective upon hand delivery, or upon mailing if properly addressed with postage prepaid and deposited in the United States mail, or (ii) by electronic communication and shall be effective when sent, as and if authorized by the applicable Section of these Bylaws and Minnesota Statutes Chapter 317A; except that registrations pursuant to Section 2.2 shall be effective upon receipt by the Association.

11.2 Severability. The invalidity or unenforceability of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

11.3 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way limit or proscribe the scope of these Bylaws or the intent of any provision hereof.

11.4 Conflicts in Documents. In the event of any conflict among the provisions of MCIOA, the Declaration, these Bylaws or the Rules and Regulations, MCIOA shall control unless it permits the documents to control. As among the Declaration, these Bylaws and Rules and Regulations, the Declaration shall control, and as between these Bylaws and the Rules and Regulations, these Bylaws shall control.

11.5 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

11.6 No Corporate Seal. The Association shall have no corporate seal.

11.7 Fiscal Year. The fiscal year of the Association shall be as determined by the Board.

The undersigned certifies that these Bylaws were adopted by the first Board of Directors of The Sanctuary Ridge Private Estates Inc., a Minnesota nonprofit corporation, effective as of the date hereof.

Dated: March 6, 2024

A handwritten signature in blue ink, consisting of stylized initials and a large circular flourish, positioned above a horizontal line.

Secretary
The Sanctuary Ridge Private Estates Inc.

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