

149165

Office of County Recorder
Traverse County, Minnesota
I hereby certify that the within
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**AMENDED AND RESTATED
DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
LAKE TRAVERSE ESTATES**

LeAnn Peyton
LeAnn Peyton
Traverse County Recorder
Recorded Electronically

The undersigned make this Amended and Restated Declaration of Covenants, Conditions and Restrictions of Lake Traverse Estates (the "Declaration") effective as of MARCH 23, 2018 (the "Effective Date").

RECITALS

- A.** Big Dog Land Development, LLC, a Minnesota limited liability company ("Big Dog"), executed and recorded Lake Traverse Estates Protective and Restrictive Covenants dated May 16, 2007, and recorded May 22, 2007, as Document No. 136873, in the office of the County Recorder, in and for Traverse County, Minnesota (the "Original Protective Covenants"), covering certain real property legally described in the attached *Exhibit A* (the "Property").
- B.** Big Dog, RLD Enterprises, Incorporated, a Minnesota corporation, Gavin John Young, Aaron J. Deal and Tracy Lyn Deal, Michael Young and Angela Young, and David L. Pederson and Brenda J. Pederson (collectively the "Declarants") executed and recorded the Declaration of Lake Traverse Estates Homeowner's Association dated December 16, 2008 and recorded January 14, 2009, as Document No. 139055, in the office of the County Recorder, in and for Traverse County, Minnesota (the "Original Declaration"), covering the Property.
- C.** The Original Protective Covenants were later amended pursuant to the Amended Lake Traverse Estates Protective and Restrictive Covenants dated July 20, 2009, and recorded July 22, 2009 as Document No. 139635, in the office of the County Recorder, in and for Traverse County, Minnesota (the "First Amendment") and a Second Amendment – Lake Traverse Estates Protective and Restrictive Covenants dated September 14, 2012, and recorded September 19, 2012 as Document No. 143109, in the office of the County Recorder, in and for Traverse County, Minnesota (the "Second Amendment"). The Original Protective Covenants, the First Amendment and the Second Amendment shall collectively hereinafter be referred to as the "Protective Covenants".
- D.** The Protective Covenants provide that they may be amended by the consent of 80% of lot owners and the Original Declaration provides that it may be amended by the consent of Owners of Units which are allocated at least 67% of the total votes of the Association.
- E.** The undersigned owners desire to provide for the preservation of values and amenities of the Property and for the maintenance of common areas, and to this end desire to subject the Property, to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and each of the Property owners.

- F. The undersigned owners, constituting at least 80% of all lots within the Property and at least 67% of the total votes of the Association, desire to amend and restate the Protective Covenants and the Original Declaration in their entirety with this Declaration.
- G. Pursuant to Minnesota Statutes Section 515B.1-102(e)(2) and (5), the Property and the Association are exempt from and not subject to Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act, and the undersigned owners intend that the Property and the Association will remain outside the scope of Minnesota Statutes Chapter 515B.

NOW, THEREFORE, the undersigned owners declare that all of the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. The following words when used in the Association's Articles and Bylaws and this Declaration (collectively, the "Governing Documents") shall have the following meanings (unless the context clearly indicates otherwise):

"Act" means the Minnesota Nonprofit Corporation Act, Minnesota Statutes Chapter 317A, as amended.

"Association" shall mean and refer to Lake Traverse Estates Home Owner's Association, a Minnesota nonprofit corporation, its successors and assigns, and unless otherwise provided, shall mean and include its Board of Directors, officers and other authorized agents.

"Board" shall mean the Association's Board of Directors as provided for in the Bylaws.

"Bylaws" shall mean the Bylaws governing the Association's operation, as amended from time to time.

"Capital Improvement" shall mean and refer to any construction of, reconstruction of, substantial alteration of, substantial repair of, or substantial addition to, the physical amenities on or of the Common Areas, except work performed by governmental bodies.

"Common Areas" shall mean all real property (including the improvements thereto) owned by the Association for the common use, enjoyment and benefit of the Owners and Occupants which is legally described on the attached *Exhibit B*.

"Common Expenses" shall mean and include all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation including, without limitation,

allocations to reserves and those items specifically identified as Common Expenses in this Declaration or the Bylaws.

“County” means the County of Traverse, Minnesota.

“Dwelling” shall mean a building consisting of one or more floors, designed and intended for use and occupancy as a single family residence, and located within the boundaries of a Lot, including any shed/house combination or seasonal cabin affixed to a permanent foundation. The Dwelling includes any garage attached or otherwise located within the boundaries of the Lot on which the Dwelling is located. Unless otherwise expressly permitted herein, for purposes of this Declaration, Dwelling shall not mean a mobile home, trailer, recreational vehicle, camper, motor home, manufactured home, and/or any other structure not affixed to a permanent foundation.

“Eligible Mortgagee” means any Person owning a mortgage on any Lot, which mortgage is first in priority to all other mortgages that encumber such Lot, that has requested, in writing, notification from the Association about any proposed action which requires approval by the Eligible Mortgagees.

“Exempted Lots” means the following: Lots 3 through 6 and Lots 8 through 14, Block 1; Lot 2 and Lots 4 through 6, Block 3; and Lot 2, Block 5, Lake Traverse Estates, any Lots added to the Declaration from Outlot C pursuant to the terms and conditions of Section 12.4, and any Unrestricted Lots that convert to Exempted Lots via transfer to a third party pursuant to the terms and conditions of this Declaration.

“Governing Documents” shall mean this Declaration, the Bylaws and the Association’s Articles of Incorporation, all as amended from time to time, all of which shall govern the Property’s use and operation.

“Government Regulations” means all federal, state, county or municipal laws, rules, ordinances, regulations, directives, orders, agreements, and requirements, including but not limited to, all ordinances and regulations of the County now in force or which may later be in force, any conditional use permits issued regarding the Property, and any Development Agreements which relate to the Property.

“Lot” shall mean and refer to any platted lot subject to this Declaration, as shown on the Plat, including all improvements thereon, but excluding the Common Areas and any Outlots identified on the Plat.

“Member” shall mean and refer to those Persons who are members of the Association by virtue of being Owners as provided in this Declaration. The words “Owner” and “Member” may be used interchangeably in the Governing Documents.

“Mortgage” shall mean and refer to any mortgage of record or other security instrument by which a Lot, is encumbered.

“Mortgagee” shall mean and refer to any person or organization named as mortgagee under any such Mortgage or any successors with an interest of such person or organization under such Mortgage.

“Occupant” shall mean any Person or Persons, other than an Owner, in possession of or residing on a Lot, or members of the family of each Owner or Occupant actually living in the same household with such Owner or Occupant.

“Owner” shall mean a Person who owns a Lot, excluding contract for deed vendors, guests, lessees, mortgagees and other secured parties. The term “Owner” includes, without limitation, contract for deed vendees and holders of a life estate.

“Person” shall mean a natural individual, corporation, limited liability company, partnership, trust or other legal entity capable of holding title to real property.

“Plat” shall mean the recorded plat (whether one or more) of Lake Traverse Estates, on file and of record in the Traverse County Recorder’s Office and any other recorded plat depicting the Property, including any amended or supplemental plats recorded from time to time.

“Property” shall mean and refer to the real property described on the attached *Exhibit A*, and all other structures and improvements located thereon now or in the future. For purposes of this Declaration, the Property shall not include any portion of Outlot D, as depicted on the Plat, and Outlot D shall no longer be deemed part of Lake Traverse Estates. Further, except as expressly set forth in this Declaration, Outlot D shall not be governed by the terms and conditions of this Declaration.

“Residential Use” shall mean the construction and use of private, single family residential Dwellings, outbuildings, sheds, pole barns, garages or other similar type structures or buildings, and not for transient, hotel, commercial, business, or other non-residential purposes, except as otherwise provided in this Declaration. Except as expressly set forth in this Declaration with respect to the Exempted Lots and the Unrestricted Lots, the placement and use of mobile homes, trailers, recreational vehicles, campers, motor homes, manufactured homes, and/or any other structure not affixed to permanent foundations are not permitted on the Lots. Any outbuildings, sheds, garages, or other similar type structures or buildings constructed or placed on a Lot shall have the same or similar siding and paint scheme as any Dwelling proposed or constructed on such Lot.

“Rules and Regulations” shall mean the Association’s rules and regulations as approved from time to time pursuant to this Declaration.

“Unrestricted Lots” means the following: Lots 1, 2, and 7 and Lots 17 through 22, Block 1; Lots 1 and 2, Block 2; Lots 7 and 8, Block 3; Lots 1 through 7, Block 4, Lake Traverse Estates. With respect to Lots 17 through 22, Block 1; Lots 1 and 2, Block 2; and Lots 1 through 7, Block 4, in the event any of such Lots are transferred, sold or assigned to a third party after the Effective Date, such Lots that are sold, transferred or assigned shall automatically become Exempted Lots upon such transfer, sale or assignment.

ARTICLE 2
PROPERTY SUBJECT TO THIS DECLARATION

Section 2.1 Lots. There are initially 46 Lots within the Property. Except with respect to the Exempted Lots and Unrestricted Lots, all Lots are restricted exclusively to Residential Use. Each Lot constitutes a separate parcel of real estate. The Lot identifiers and locations of the Lots are as shown on the Plat, which is incorporated herein by reference. The Lot identifier for a Lot shall be its lot and block numbers and the subdivision name. Notwithstanding anything contained herein to the contrary, in addition to Residential Use, the Exempted Lots and Unrestricted Lots, may be used for the seasonal and/or year-round placement and use of mobile homes, trailers, recreational vehicles, campers, motor homes, manufactured homes or any other residential structures not affixed to a permanent foundation; however, the Exempted Lots shall be limited to the placement and use of no more than one (1) mobile home, trailer, recreational vehicle, camper, motor home, manufactured home or any other residential structure not affixed to a permanent foundation per Lot.

Section 2.2 Lot Boundaries. The front, rear and side boundaries of each Lot shall be the boundary lines of the platted lot as shown on the Plat. The Lots shall have no upper or lower boundaries.

ARTICLE 3
PROPERTY RIGHTS AND EASEMENTS

Section 3.1 Owners' Easements of Enjoyment. Every Owner shall have a non-exclusive perpetual right and easement in and to the use and enjoyment of the Common Areas, subject to any restrictions this Declaration contains or authorizes, subject to the right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by Members holding at least two-thirds (2/3) of the votes in the Association has been recorded.

Section 3.2 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, the Owner's right of enjoyment to the Common Areas and facilities to the members of the Owner's family and Occupants, tenants, or contract purchasers of the Owner's Lot who reside or utilize the Property; provided that such persons shall be subject to the Governing Documents and the Rules and Regulations.

Section 3.3 Access Easements. Each Lot shall be the beneficiary of a perpetual appurtenant ingress and egress easement for access to and from a public street or highway on or across those portions of the Common Areas intended for use as streets or roads (Outlot B), subject to any restrictions set forth in this Declaration, the Governing Documents or the Rules and Regulations.

Section 3.4 Easement for Maintenance, Repair, Replacement and Reconstruction. Each Lot, and the rights of each Owner and any Occupants, shall be subject to an appurtenant easement on and over the Lots in favor of the Association for the purposes of conducting the work necessary to fulfill the Association's obligations under the Governing Documents.

Section 3.5 Utility and Drainage Easements. Subject to this Declaration's terms and the Association's Rules and Regulations, the Common Areas will be subject to non-exclusive, appurtenant easements in favor of any public authority or agency, or public or private utility provider, for the installation, maintenance, repair, replacement and operation of municipal water and sanitary sewer, electrical, natural gas, cable television, telephone, internet, communications and other similar utility lines, including metering devices, conduit, piping and other related facilities, on, under and across the Common Areas. The Association must approve the location, size and type of such utilities or related facilities prior to installation. No structure or other improvement shall be erected or maintained, nor shall any fill or other material be placed in any such easement areas, which may damage or interfere with the installation or maintenance of such utilities, or which may change the direction or impede the flow of water over any drainage easements. Persons exercising these easement rights shall promptly repair any damage caused during the exercise of these rights. Easements for the installation and maintenance of utilities or drainage facilities are reserved on each Lot and Outlot C as shown on the recorded Plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may obstruct or retard the flow of water through drainage channels in the easement.

Section 3.6 Public Health and Safety Easements. There shall be non-exclusive easements in favor of applicable governmental authorities upon and across the Lots and Common Areas for reasonable access to perform such duties related to law enforcement, fire protection, life safety, health and sanitation as reasonably required from time to time.

Section 3.7 Easement for Monument and Entrance Signs. The Association shall have the right and an exclusive easement over, on, across and under the Common Areas to erect and maintain monuments, entrance and other signs, including all related decorative improvements, landscaping, lighting and light poles, identifying the Property and the Lots. Those parts of the Common Areas upon which such monument signs or improvements are located shall be subject to appurtenant, exclusive easements in favor of the Association for the continuing use, maintenance, repair and replacement of said signs and improvements. In exercising its rights under such easements, the Association shall take reasonable care to avoid damaging the improvements to the Common Areas.

Section 3.8 Recorded Easements. The Property shall be subject to such other easements as may be properly recorded against it or otherwise shown on the Plat.

Section 3.9 Easements are Appurtenant. All easements and similar rights burdening or benefitting a Lot or any other part of the Property shall be appurtenant thereto, and shall be permanent, subject only to termination in accordance with the terms of the easement or the Governing Documents. Any recorded easement benefitting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by this Declaration.

Section 3.10 Impairment Prohibited. No Person shall materially restrict or impair any easement benefitting or burdening the Property; subject to the Declaration and the right of the Association to impose reasonable Rules and Regulations governing the use of the Property.

**ARTICLE 4
COMMON AREAS**

Section 4.1 Ownership. The Association will own the Common Areas for the benefit of the Owners and Occupants.

Section 4.2 Use. Except as otherwise specifically provided for in this Declaration, the Common Areas and any Outlots identified within the Plat may be used for the purposes stated in this Declaration.

(a) **Outlot A.**

- (i) **Park.** Outlot A shall be available for use by all Owners for park purposes (i.e., shelter, picnic area, general recreational use, etc.). Said park shall not be available to RV Park tenants, guests, and/or patrons.
- (ii) **Boat Dock.** Lots 2 and 3, Block 1, and up to two (2) other additional Lots as granted by Big Dog upon Big Dog's initial sale of any Lots (collectively, the "Docking Lots"), will have boat docking privileges on the boat dock on Outlot A (the "Dock"). Notwithstanding anything herein to the contrary, the Dock shall be for the exclusive benefit of the Docking Lots and not for any other Lots within the Property, nor for the use and benefit of RV Park tenants, guests, and/or patrons. Each of the Docking Lots shall be entitled to one slip on the Dock to dock a single watercraft. Maintenance, upkeep and seasonal installation/removal and replacement of the Dock shall be the sole responsibility of owners of the Docking Lots. Offseason storage of the Dock on Outlot A is permitted so long as such storage does not impede and/or prevent Owners from accessing Lake Traverse via Outlot A.

- (b) **Outlot B.** Outlot B shall be used by all Owners as a private road for ingress and egress to and from the Owners' respective Lots. The Association shall provide for all maintenance, repairs, improvements, or replacement of Outlot B and shall assess the Owners for such expenses in accordance with Article 6 of this Declaration.
- (c) **Outlot D RV Park.** The property designated within the Plat as Outlot D, which currently is being used as a Recreational Vehicle park (the "RV Park"), shall not be included as part of the "Common Areas" or be considered a Lot under this Declaration; however, the number of recreational vehicle/camper/trailer/mobile home sites located on Outlot D shall not exceed 74 sites and such sites shall not expand to allow for more than 74 recreational vehicles, mobile homes, trailers or campers to occupy Outlot D.
- (d) **Outlot D Restricted Area.** The portion of Outlot D located within the area southeasterly of Lots 5, 6 and 7, Block 4, between the southwesterly border of Lot 5, Block 4, and the northeasterly border of Lot 7, Block 4, if the aforementioned borders continued to State Highway No. 27 (the "Outlot D Restricted Area") shall

be used only for Residential Use or overflow parking for the RV Park, meaning parking of vehicles and trailers for all occupants of the RV Park and their guests, when substantially all other designated parking areas for the RV Park are occupied and seasonal storage of boat trailers. Such overflow parking shall not be used for long-term storage of boat docks or lifts or additional recreational vehicle sites meant for occupying such areas for camping overnight or longer.

- (e) Outlot C. Nothing within this Declaration shall restrict the use or development of Outlot C.

Section 4.3 Maintenance. Subject to this Declaration's terms and any Government Regulations, the Association shall be responsible to maintain, landscape, repair, replace, manage and operate the Common Areas and will utilize Common Expenses for such activities from the Owners pursuant to this Declaration's terms.

ARTICLE 5 MEMBERSHIP, VOTING RIGHTS AND ADMINISTRATION

Section 5.1 Membership. Every Owner shall be a Member of the Association by virtue of Lot ownership. Membership shall be appurtenant to and may not be separated from ownership of any Lot. An Owner's membership shall terminate when the Owner's ownership of a Lot terminates.

Section 5.2 Voting Rights. The Association shall have one class of voting membership consisting of the Members who shall be all Owners, and each Member shall be entitled to one vote for each Lot owned by such Member. When more than one Person holds an interest in any Lot, all such Persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Section 5.3 Administration. The operation and administration of the Association shall be governed by the Governing Documents. The Association shall, subject to the rights of the Owners set forth in the Governing Documents, be responsible for the operation, management and control of the Common Areas. The Association shall have all powers described in the Governing Documents and the Act. All power and authority of the Association shall be vested in the Board, unless action or approval by the individual Owners is specifically required by the Governing Documents. All references to the Association shall mean the Association acting through the Board unless specifically stated to the contrary.

Section 5.4 Operational Purposes. The Association shall operate and manage the Property for the purposes of (i) administering and enforcing the covenants, restrictions, easements, charges and liens set forth in the Governing Documents and the Rules and Regulations, and (ii) maintaining, repairing and replacing those portions of the Property for which it is responsible.

Section 5.5 Binding Effect of Actions. All agreements and determinations made by the Association in accordance with the powers and voting rights established by the Governing Documents shall be binding upon all Owners and Occupants, and their lessees, guests, heirs, personal representatives, successors and assigns, and all secured parties.

Section 5.6 Management. The Board may delegate to a manager or managing agent some or all of the duties imposed upon the Association's officers and directors by the Governing Documents; however, such delegation will not relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and by law.

Section 5.7 Rules and Regulations. The Board shall have exclusive authority to approve and implement such reasonable Rules and Regulations as it deems necessary or advisable from time to time for the purpose of operating and administering the affairs of the Association and regulating the use of the Common Areas; provided that the Rules and Regulations shall not be inconsistent with the Governing Documents. New or amended Rules and Regulations shall be effective only after reasonable notice thereof has been given to the Lot Owners.

ARTICLE 6 COVENANT FOR MAINTENANCE ASSESSMENTS

Section 6.1 General. The assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the residents in the Property and for the improvement and maintenance of the Common Areas and other areas that the Association is obligated to maintain.

Section 6.2 Types and Amounts of Assessments. The Board will determine and levy assessments for Common Expenses against the Lots in the Board's discretion, subject to any limitations in the Governing Documents. Assessments for Common Expenses shall include annual assessments and may include special assessments. Annual assessments shall be payable in monthly installments or at such other time interval as the Board determines, shall cover anticipated Common Expenses for that year and may include a separate reserve fund sufficient in the Board's discretion to cover periodic cost of maintenance, repair and replacement of the Common Areas. Assessments shall be allocated equally among the Lots, subject to the following qualifications:

- (a) Any Common Expenses or a portion thereof benefitting only some of the Lots may be assessed only against the benefitted Lots on the basis of (i) the actual cost incurred for each Lot, (ii) square footage of the area being maintained, repaired or replaced, (iii) equality, or (iv) any other reasonable equitable criteria the Board establishes.
- (b) Reasonable attorneys' fees and other costs the Association incurs in connection with (i) the collection of assessments, and (ii) the enforcement of the Governing Documents, or the Rules and Regulations against an individual Owner or Occupant or their guests, may be assessed against the Owner and the Owner's Lot and may include late charges, fines and interest.
- (c) Assessments levied to pay a judgment against the Association will be levied only against Lots existing at the time the judgment was entered in proportion to their Common Expense liabilities.

- (d) If any damage to the Common Areas or another Lot is caused by the act or omission of an Owner, Occupant, or their guests, including both intentional and negligent actions, the Association may assess the costs of repairing the damage exclusively against the Owner and the Owner's Lot.
- (e) If any installment of an assessment becomes more than thirty (30) days past due, the Association may, upon ten (10) days' written notice to the Owner, declare the entire amount of the assessments with all collection costs, including attorney's fees, and late charges immediately due and payable in full.

Section 6.3 Special Assessments. In addition to annual assessments, the Board may levy special assessments against all Lots for the purpose of defraying the costs of the following: (i) any unforeseen or unbudgeted Common Expenses, (ii) any reserves for maintenance, repair or replacement, (iii) the maintenance, repair or replacement of any part of the Common Areas, and (iv) expenditures of an emergency nature. Before levying a special assessment, the Board must obtain the approval of a majority of the Owners. Annual assessments under Section 6.2 are not considered special assessments and do not require the Owner's approval.

Section 6.4 Liability of Owners for Assessments. The Owner, at the time an assessment is payable with respect to the Lot, shall be personally liable for the share of the Common Expenses assessed against such Lot. Liability will be joint and several for Lots with multiple Owners. Liability is absolute and unconditional. No Owner is exempt from liability for payment of the Owner's share of Common Expenses by right of set-off, by waiver of use or enjoyment of any part of the Property, by absence from or abandonment of the Lot, by waiver of any other rights, or by reason of any claim against the Association or its officers, directors or agents. The Association may invoke the charges, sanctions and remedies set forth in the Governing Documents or by law to enforce its rights under this Declaration.

Section 6.5 Liability of Buyers for Assessments. Any outstanding and unpaid lien of Association assessments will 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.

Section 6.6 Statement of Assessments Available. Upon request, any Owner or buyer will be entitled to a statement from the Association stating the amount of any unpaid assessments levied against the Owner's Lot.

Section 6.7 Assessment Lien. The Association has a lien on a Lot for any assessment levied against that Lot from the time the assessment becomes due and payable. If an assessment is payable in installments, the full amount of the assessment shall be a lien when the first installment becomes due. Late charges, fines, interest and other fees or charges imposed by the Association are enforceable as assessments and immediately become liens against the Lot. Recording the Declaration constitutes record notice and perfection of any lien under this Article, and no further record notice or perfection is required.

Section 6.8 Assessment Lien Priority. A lien under this Article is prior to all other liens and encumbrances on a Lot, except the following: (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 against the Lot. Notwithstanding the foregoing, if (1) a first mortgage on a Lot is foreclosed, (2) the first mortgage was recorded on or after the date of recording this Declaration, and (3) no Owner redeems during the Owner's period of redemption provided by Minnesota Statutes Chapters 580, 581 or 582, then the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage shall take title to the Lot subject to a lien in favor of the Association for unpaid assessments for Common Expenses levied in accordance with this Declaration which become due, without acceleration, during the six (6) months immediately preceding the first day following the end of the Owner's period of redemption.

Section 6.9 Foreclosure of Lien; Remedies. A lien for Common Expenses may be foreclosed against a Lot under Minnesota law (i) by action, or (ii) by advertisement as a lien under a mortgage containing a power of sale. The Association, or its authorized representative, shall have the power to bid at the foreclosure sale and to acquire, hold, lease, mortgage and convey any Lot so acquired. The Owner and any other person claiming an interest in the Lot, by the acceptance or assertion of any interest in the Lot, grants to the Association a power of sale and full authority to accomplish the foreclosure. The Association shall, in addition, have the right to pursue any other legal or equitable remedy against the Owner who fails to pay any assessment or charge against the Lot.

ARTICLE 7 MAINTENANCE

Section 7.1 Common Area. The Association shall be responsible for maintaining the Common Areas in a state of good condition and repair, ordinary wear and tear excepted.

Section 7.2 Owner Maintenance. All maintenance, repair or replacement of the Dwellings and Lots, including lawn care, shrub and tree maintenance and watering and snow removal from driveways or maintenance of any other elements or improvements within any Lot shall be the sole responsibility and expense of the requisite Owner. However, the Owners and Occupants shall have a duty to promptly notify the Association of defects in or damage to those parts of the Property which the Association is obligated to maintain.

Section 7.3 Damage Caused by Lot Owner. Notwithstanding any provision to the contrary in this Article 7, if in the Association's judgment, the need for maintenance of any part of the Common Areas is caused by the willful or negligent act or omission of an Owner or Occupant, or their guests, or by a condition in a Lot which the Owner or Occupant has willfully or negligently allowed to exist, the Association may cause such damage or condition to be repaired or corrected and may enter the Lot to do so, and the cost thereof may be charged and assessed against the Lot of the Owner responsible for the damage. Such cost shall be a personal obligation of the Owner and a lien against the Owner's Lot.

ARTICLE 8
ADDITIONAL RESTRICTIONS ON USE

Section 8.1 General. The Common Areas and all Lots shall be owned, conveyed, encumbered, leased, used and occupied subject to the Governing Documents. All covenants, restrictions and obligations set forth in the Governing Documents are in furtherance of a plan for the Property, and shall run with the Property and be a burden and benefit to all Owners and Occupants and to any other Persons acquiring or owning an interest in the Lots, their heirs, personal representatives, successors and assigns.

Section 8.2 Subdivision Prohibited. Except with respect to any additional Lots added from Outlot C pursuant to the terms of Section 12.4 of this Declaration, no Lot or any Common Area may be subdivided or partitioned, nor may the number of Lots or permitted units be increased, without the prior written approval of all Owners and all secured parties holding first mortgages on the Lots.

Section 8.3 Residential Use. With the exception of the Exempted Lots and the Unrestricted Lots, the Lots shall be used by Owners and Occupants and their guests exclusively for Residential Use. The Lots shall not be used for hotel, transient (including, but not limited to, leasing Lots and Dwellings via VRBO, Airbnb, etc.), commercial, business or other purposes inconsistent with Residential Use, except as provided in this Declaration. Owners must construct a Dwelling on their Lot(s) prior to constructing any accessory building, including, but not limited to, outbuildings, sheds, or detached garages. Any lease of a Lot (except for occupancy by temporary guests with the Owner's consent) for a period of less than 30 days, or any occupancy which includes services customarily furnished to hotel guests, shall be presumed to be for transient purposes. Notwithstanding anything herein to the contrary, the existing encroachment (as of the Effective Date) of Outlot D onto Lot 5 of Block 2 shall be allowed for the RV Park to maintain and operate a multi-purpose building and event center serving the RV Park. Nothing provided for within this Section 8.3 or elsewhere within this Declaration shall prohibit the use of the Exempted Lots and the Unrestricted Lots for seasonal and/or year-round placement and use of mobile homes, trailers, recreational vehicles, campers, motor homes, manufactured homes or any other residential structures not affixed to a permanent foundation as provided for under Section 2.1. Changes to the authorized use of Lots from residential to nonresidential may not occur without the unanimous written consent of all Owners.

Section 8.4 Business Use Restricted. No business, trade, occupation or profession of any kind, including agricultural use, whether carried on for profit or otherwise, shall be conducted, maintained or permitted on any Lot or the Common Areas, except: (i) an Owner or Occupant residing on a Lot may maintain an occupation on a Lot and handle matters relating to such occupation by telecommunications or correspondence therefrom, provided that such uses are reasonably incidental to the Residential Use, are in compliance with all governmental laws, ordinances and regulations, the occupation takes place in a structure on the Lot, only persons residing on a Lot may be engaged in the occupation and no signs, advertising displays, or bulk mailings are permitted; (ii) the Association may maintain offices on the Property for management and related purposes; (iii) Owners or Occupants may conduct periodic yard/garage sales in the ordinary course of Residential Use of a Lot, but permanent and continuous yard sales

and those in the nature of retail sales of non-household goods are not allowed; and (iv) for alfalfa and/or CRP or gardening and/or fruit production for household use by any Owner or Occupant.

Section 8.5 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept in any Lot; except a combination of two (2) domesticated dogs, cats or other household pets. Pit bulls and Rottweilers, whether mixed breed or purebred, are not allowed on the Lots or Common Areas at any time and shall not be brought upon the Lots or Common Areas, even for temporary purposes. All applicable ordinances relating to the keeping of domestic animals must also be complied with by Owners and Occupants of the Lots. All animals shall be under control at all times when outside the Dwelling. No animal shall be allowed to make an unreasonable amount of noise, nor to become a nuisance or a threat to the safety of others.

Section 8.6 Signs. No sign of any kind shall be displayed to the public view on any Lot or the Common Areas, except for (i) signs erected for identification of streets, traffic control and directional purposes; (ii) signs of a temporary nature advertising a Lot for sale; (iii) mailboxes with names and addresses only; (iv) holiday decorations; (v) political signs as permitted by applicable ordinances and (vi) monument and entrance signs.

Section 8.7 Garbage. Trash shall not be kept in a Dwelling or on a Lot except in sanitary containers. All incinerators or other equipment used or kept for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 8.8 Quiet Enjoyment; Interference Prohibited. All Owners and Occupants shall use the Lots and Common Areas in such a manner as will not cause a nuisance, nor unduly restrict, interfere with or impede the use of the Property or other Owners and Occupants and their guests. No substance, thing, or material may be kept on the Lots or Common Areas if that material emits foul or obnoxious odors, or will cause any noise that will or might disturb the peace, quiet, comfort, or serenity of neighbors.

Section 8.9 Violation of Statutes, Ordinances and Regulations. No Lot shall be maintained or utilized in such manner as to violate any applicable statute, ordinance or regulation of the United States of America, the State of Minnesota, the County of Traverse, or any other governmental agency or subdivision having jurisdiction, or in violation of this Declaration or of any covenants, conditions or restrictions applicable to said Lot.

Section 8.10 Hazardous Materials. No hazardous or flammable materials shall be stored on any Lot or any of the Common Areas, except for reasonable quantities normally used in accordance with Residential Use of any Lot or Common Area in accordance with applicable law.

Section 8.11 Time Shares Prohibited. The time share form of ownership, or any comparable form of lease, occupancy rights or ownership which has the effect of dividing the ownership or occupancy of a Lot or Dwelling into separate time periods, is prohibited.

Section 8.12 Fencing. Fences may be installed on Lots in accordance with Traverse County Land Use ordinances. Notwithstanding the foregoing, no snow fences or wire chain link fence shall be permitted.

Section 8.13 Trees and Vegetation. Any vegetation removal shall comply with the Traverse County Shoreland Ordinances regarding Vegetation Alterations Section 3, Subpart A, a summary of which reads: intensive vegetation clearing (clear cutting of trees and vegetation) is not allowed. Aside from removal of trees, limbs, or branches that are dead, diseased, or pose safety hazards, limited clearing of trees and shrubs and cutting, pruning and trimming of trees is allowed to provide a view to the water from the principal Dwelling site and to accommodate the placement of stairways, landings, picnic areas, access paths and beach or watercraft access areas as to maintain the screening of structures, vehicles and other facilities as viewed from the water. Otherwise, removal/destruction of mature, healthy trees and/or vegetation without the Association's consent is strictly prohibited. If trees and/or vegetation are removed in violation of this Section, the Association may require Owner to replant and replace such trees and/or vegetation at the Owner's cost.

Section 8.14 Construction. All Dwellings must be built to follow applicable governing laws, regulations, ordinances and building codes. Construction on all Lots must follow the state of Minnesota applicable prescribed erosion and sedimentation control measures, which require that "all earth changes shall be made in such a manner as to minimize (a) the area of disturbed land exposed and unprotected against the erosive action of wind, rain, and/or the flow of water, and (b) the duration of such exposure." Construction on all Lots must also comply with the Traverse County Shoreland Ordinance regarding Stormwater Management Section 5, Subparts A and B, a summary of which reads: Natural drainage ways, wetlands, and natural vegetation must be used to treat stormwater runoff when possible. Impervious surface coverage of Lots must not exceed 25% of the Lot area. Assistance with stormwater management plans to reduce and treat runoff from impervious surfaces may be obtained at the local Soil and Water Conservation District Office. A complete copy of the Traverse County Shoreland Ordinance is available at no cost at the Traverse County Courthouse. All owners of Lots and builders constructing improvements on any Lot must meet all other applicable permitting requirements including, but not limited to, Bois de Sioux Watershed District, U.S. Army Corps of Engineers, Minnesota Department of Natural Resources, Minnesota Wetland Conservation Act, USDA Swampbuster rule, Minnesota Department of Transportation, Folsom Township and Windsor Township. The provisions within this Declaration shall in no way be construed as diminishing applicable building requirements, now or hereafter in force in the Township of Folsom and the Township of Windsor, County of Traverse or the State of Minnesota or any other Governmental body with respect to the Property or authorizing a structure to be erected contrary to the same.

Section 8.15 Leasing. Except as expressly prohibited and/or limited in this Declaration, leasing of Dwellings or other structures on Lots shall be allowed, provided that all leases shall provide that they are subject to the Governing Documents and the Rules and Regulations, and that any failure of the lessee to comply with the terms of such documents shall be a default under the lease. Leasing of any recreational vehicles, mobile homes, trailers, campers, motor homes, manufactured homes or any other residential structure not affixed to a permanent foundation on Lots 17 through 22, Block 1; Lots 1 and 2, Block 2; and Lots 1 through 7, Block 4, Lake Traverse Estates, is prohibited

Section 8.16 Rules and Regulations. Subject to this Declaration's restrictions, the Association may adopt additional Rules and Regulations regarding the use and enjoyment of the

Lots and Common Areas; providing, no such Rules or Regulations may contradict the express provisions of the Association's Governing Documents.

ARTICLE 9 INSURANCE

Section 9.1 Required Coverage. The Association shall obtain and maintain, at a minimum, a master policy or policies of insurance in accordance with the insurance requirements established from time to time by the Governing Documents or the Association and issued by a reputable insurance company or companies authorized to do business in the state of Minnesota, as follows:

- (a) Property insurance in broad form covering all risks of physical loss in an amount equal to one hundred percent (100%) of the insurable "replacement cost" of the improvements on the Common Areas, if any, less deductibles, exclusive of land, footings, excavation and other items normally excluded from coverage. The policy or policies shall cover personal property owned by the Association (excluding the Dock). The policy or policies shall also contain "Inflation Guard" and "Agreed Amount" endorsements, if reasonably available. Such policy or policies shall include such additional endorsements, coverages and limits with respect to the foregoing and other hazards as may be required from time to time by the regulations of the Federal Housing Administration ("FHA"), the U.S. Department of Veterans' Affairs ("VA") or the Federal National Mortgage Association ("FNMA") as a precondition to their insuring, purchasing or financing a mortgage on a Lot. The Board may also, on behalf of the Association, enter into binding written agreements with a mortgagee, insurer or servicer, including without limitation the PTA, VA or FNMA, obligating the Association to keep certain specified coverages or endorsements in effect.
- (b) Comprehensive public liability insurance covering the use, operation and maintenance of the Common Areas, in an amount deemed sufficient in the Board's judgment, insuring the Board, the Association, their respective employees, agents and all persons acting as agents, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. The policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of negligent acts of the Association or other Owners or Occupants. The policy shall include such additional endorsements, coverages and limits with respect to such hazards as may be required by the regulations of the FHA, VA or FNMA as a precondition to their insuring, purchasing or financing a mortgage on a Lot.
- (c) Fidelity insurance coverage against dishonest acts on the part of directors, officers, managers, trustees, employees or other persons responsible for handling funds belonging to or administered by the Association if deemed to be advisable by the Board or required by the regulations of the FHA or FNMA as a

precondition to the purchase or financing of a mortgage on a Lot. The fidelity bond or insurance shall name the Association as a named insured and shall, if required by the regulations of the FHA or FNMA as a precondition to their insuring, purchasing or financing of a mortgage on a Lot, be written in an amount equal to the greater of (i) the estimated maximum of Association funds, including reserves, in the custody of the Association or management agent at any given time while the bond is in force, or (ii) a sum equal to three (3) months aggregate Assessments on all Lots plus reserves. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

- (d) Workers' Compensation insurance as required by law.
- (e) Directors' and officers' liability insurance with such reasonable limits and coverages as the Board shall determine from time to time.
- (f) Such other insurance as the Board may determine from time to time to be in the best interests of the Association and the Owners.

Section 9.2 Premiums, Improvements and Deductibles. All insurance premiums shall be assessed and paid as an annual Assessment, and allocated among the Lots as determined by the Board consistent with the Governing Documents.

Section 9.3 Loss Payee, Insurance Trustee. All insurance coverage maintained by the Association shall be written in the name of, and the proceeds thereof shall be payable to, the Association (or a qualified insurance trustee selected by it) as trustee for the benefit of the Owners and secured parties, including Eligible Mortgagees, which suffer loss. The Association, or any insurance trustee selected by it, shall have exclusive authority to negotiate, settle and collect upon any claims or losses under any insurance policy maintained by the Association.

Section 9.4 Required Policy Provisions. All policies of property insurance carried by the Association shall provide that:

- (a) Each Owner and secured party is an insured Person under the policy with respect to liability arising out of the Owner's interest in the Common Areas or membership in the Association.
- (b) The insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household and against the Association and members of the Board.
- (c) No act or omission by any Owner or secured party unless acting within the scope of authority on behalf of the Association, shall void the policy or be a condition to recovery under the policy.
- (d) If at the time of a loss under the policy there is other insurance in the name of an Owner covering the same property covered by the policy, the Association's policy is primary insurance.

Section 9.5 Cancellation: Notice of Loss. All policies of property insurance and comprehensive liability insurance maintained by the Association shall provide that the policies shall not be canceled or substantially modified, for any reason, without at least thirty (30) days' prior written notice to the Association, to the FHA, VA or FNMA (if applicable), all of the insureds and all Eligible Mortgagees.

Section 9.6 Restoration in Lieu of Cash Settlement. All policies of property insurance maintained by the Association shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash set demand, such option shall not be exercisable (i) without the prior written approval of the Association (or any Insurance Trustee) or (ii) when in conflict with provisions of any insurance trust agreement to which the Association may be a party, or any requirement of law.

Section 9.7 No Contribution. All policies of insurance maintained by the Association shall be the primary insurance when there is other insurance in the name of any Owner covering the same property, and may not be brought into contribution with any insurance purchased by Owners or their Eligible Mortgagees.

Section 9.8 Effect of Acts Not Within Association's Control. All policies of insurance maintained by the Association shall provide that the coverage shall not be voided by or conditioned upon (i) any act or omission of an Owner or Eligible Mortgagee, unless acting within the scope of authority on behalf of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

Section 9.9 Owner's Personal Insurance. Each Owner may obtain additional personal insurance coverage at his or her own expense covering fire and other casualty to the Lot, personal property or personal liability. All insurance policies maintained by Owners shall provide that they are without contribution as against the insurance purchased by the Association. THE ASSOCIATION'S INSURANCE SHALL NOT COVER OWNER'S LOTS, DWELLINGS OR PERSONAL PROPERTY AND OWNERS SHOULD OBTAIN THEIR OWN INSURANCE COVERING SUCH PROPERTY.

ARTICLE 10 RIGHTS OF MORTGAGEES

Section 10.1 No Suspension of Rights. Any voting rights, which are suspended as to any Owner and that Owner's family members, tenants and guests pursuant to the Association's Bylaws, shall not be suspended as to any mortgagee or other person who becomes an Owner by virtue of mortgage foreclosure or by any transfer of title in lieu of foreclosure because of any default or failure of the prior Owner, provided any fee due and owing is paid.

Section 10.2 Notice of Defaults. The holder of a first mortgage of record on any Lot, upon written request given by the holder of such mortgage to the Association, shall be given written notice by the Association of all then defaults of the Owner of the Lot upon which such mortgage is a lien in fulfilling Owner's obligations under the Declaration or by the Association's Bylaws, but the defaults set out in such notice shall not be conclusive of the Association, and the

Association shall have the right to enforce all claims against such Owner for all defaults of such Owner whether or not set out in said notice.

ARTICLE 11 COMPLIANCE AND REMEDIES

Each Owner and Occupant, and any other Person owning or acquiring any interest in a Lot, shall be governed by the Governing Documents, 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 Governing Documents.

Section 11.1 Entitlement to Relief. The Association may commence legal action to recover sums due, for damages, for injunctive relief or to foreclose a lien owned by it, or any combination thereof, or an action for any other relief authorized by the Governing Documents or available at law or in equity. Legal relief may be sought by the Association against any Owner, or by an Owner against the Association, to enforce compliance with the Governing Documents, the Rules and Regulations, or the decisions of the Association. However, no Owner may withhold any assessments payable to the Association, or take (or omit) other action in violation of the Governing Documents, the Rules and Regulations, as a measure to enforce such Owner's position, or for any other reason.

Section 11.2 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 of Lots and/or their guests, who violate the provisions of the Governing Documents or the Rules and Regulations:

- (a) Commence legal action for damages or equitable relief in any court of competent jurisdiction.
- (b) Impose late charges of up to eight percent (8%) 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 Governing Documents or the Rules and Regulations of the Association.
- (e) Restore any portions of the Common Area damaged or altered, or allowed to be damaged or altered, by any Owner or Occupant or their guests in violation of the

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.

Section 11.7 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 Governing Documents and the Rules and Regulations as provided therein.

ARTICLE 12 OUTLOT C

Section 12.1 Perpetual Ingress and Egress Easement. Notwithstanding anything within this Declaration to the contrary, Outlot C as designated on the Plat, shall be the beneficiary of a perpetual appurtenant ingress and egress easement for access to and from a public street or highway on or across Outlot B or those other portions of the Common Areas for use as streets or roads. Outlot C shall have the perpetual right to construct additional roads within Outlot C which may attach to Outlot B and any other roads within the Property.

Section 12.2 Use of Common Areas. Notwithstanding anything within this Declaration to the contrary, Outlot C, as designated on the Plat, shall also have a non-exclusive and perpetual right and easement in and to the use and enjoyment of all Common Areas. Upon the commencement of development of Outlot C, which would increase use of the Common Areas and/or the subdivision of Outlot C and sale to third parties as provided under Section 12.4, the owner(s) of Outlot C, or the subdivided Lots therein, shall pay their pro rata share of any and all expenses related to the Common Areas, as Owners of Lots under this Declaration pursuant to Article 6.

Section 12.3 Voting Rights. Notwithstanding anything within this Declaration to the contrary, any owner of Outlot C shall be considered a Member of the Association solely with respect to rights regarding Member voting, notices, receipt and review of Association documents and the right to attend Association and Member meetings. The owner of Outlot C shall be entitled to one vote, which shall be appurtenant to and may not be separated from ownership of Outlot C.

Section 12.4 Additional Lots. Notwithstanding anything within this Declaration to the contrary, the owner of Outlot C shall have the right, at such owner's option and sole discretion, to subdivide and plat Outlot C and add additional Lots subject to this Declaration, the Traverse County Comprehensive Plan, Traverse County Land Use Ordinances, Traverse County Shoreland Ordinances, and Traverse County Land Management approval. The additional Lots shall be added by filing of record one or more Supplementary Declaration of Covenants, Conditions and Restrictions with respect to the additional Lots then added, which shall extend the covenants and restrictions of this Declaration to such additional Lots. In the event the owner of Outlot C subdivides Outlot C and adds additional Lots subject to this Declaration, each additional Lot shall not have voting rights in the Association as provided for under Section 5.2 of this Declaration, nor shall each additional Lot be subject to assessments under Article 6, while

Governing Documents, and to assess the cost of such restoration against the responsible Owners and their Lot.

- (f) Foreclose any lien arising under the provisions of the Governing Documents 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 Property is located.
- (g) Take any other action permitted by the Governing Documents or by law.

Section 11.3 Rights to Hearing. Before the imposition of any of the remedies authorized by this Section, the Association shall, upon written request of the alleged offender, grant to the alleged offender an opportunity for a fair and equitable hearing. The alleged 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 Association and held within thirty (30) days of receipt of the hearing request by the Association, and with at least ten (10) days prior written notice to the alleged offender. If the alleged offender fails to timely request a hearing or to appear at the hearing, then the right to a hearing shall be deemed waived and the Association may take such action as it deems appropriate. The decision of the Association and the rules for the conduct of hearings established by the Association, shall be final and binding upon all parties. The Association's decision shall be delivered in writing to the alleged offender within ten (10) days following the hearing if not delivered to the alleged offender at the hearing. The Association may delegate the foregoing hearing authority to a committee of three (3) or more disinterested Owners, who shall conduct the hearing and make a recommendation to the Association regarding the disposition of the matter. If the alleged offender disagrees with the Association's decision, the alleged offender may seek relief via Traverse County District Court.

Section 11.4 Lien for Charges, Penalties, Etc. Any assessments, charges, fines, penalties or interest imposed under this Section 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 Article 6. The lien shall attach as of the date of imposition of the remedy, but shall not be final as to violations for which a hearing is held until the Association 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.

Section 11.5 Costs of Proceeding and Attorney's 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 Governing Documents 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 in connection with such enforcement, including without limitation fines or charges previously imposed by the Association, reasonable attorney's fees, and interest (at the highest rate allowed by law) on the delinquent amounts owed to the Association. Attorney's fees shall be available to the Association whether or not court action is necessary.

Section 11.6 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

being held by the Owner of Outlot C, but will be subject to such assessments and have such voting rights when such additional Lot is sold to a third party. Any additional Lots added from Outlot C pursuant to this Section 12.4 shall be considered Exempted Lots under this Declaration, which may be used for seasonal and/or year round placement and use of no more than one (1) mobile home, trailer, recreational vehicle, camper, motor home, manufactured home or any other residential structure not affixed to a permanent foundation per Lot.

ARTICLE 13 GENERAL PROVISIONS

Section 13.1 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 13.2 Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

Section 13.3 Captions and Titles. All captions, titles or headings in this Declaration are solely for the purpose of convenience of reference and shall not be deemed to limit, modify or otherwise affect any of the provisions hereof or be used in determining the intent or context thereof.

Section 13.4 Notices. Unless provided otherwise in the Governing Documents, all notices required to be given by or to the Association, the Board, the Association's officers or the Owners or Occupants shall be 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.

Section 13.5 Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may only be amended by an instrument signed by owners of at least eighty percent (80%) of the Lots within the Property. Any amendment must be recorded with the Office of the County Recorder, Traverse County. Notwithstanding the foregoing, under no circumstance shall this Declaration be amended to interfere with or alter the prior perpetual easement or other rights granted within Article 12 without the prior written consent of the owner(s) of Outlot C. Under no circumstance shall this Declaration be amended to add additional covenants, restrictions or conditions on the owner(s) of Outlot C without the prior written consent of the owner(s) of Outlot C.

Section 13.6 Binding Effect. Each Owner, upon becoming an Owner, shall be bound by and be deemed to have agreed to, the terms and provisions of the Association's Governing Documents, said Articles and Bylaws being incorporated herein by reference.

Section 13.7 Conflicts Among Documents. In the event of any conflict among the Declaration, Bylaws, and Rules and Regulations, the Declaration shall control, and as between the Bylaws and the Rules and Regulations, the Bylaws shall control.