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COMMON INTEREST COMMUNITY NO. 18  
PLATTED COMMON INTEREST COMMUNITY INCLUDING COMMON AREAS  
ISLE HARBOR ON LEECH DECLARATION

INTRODUCTION

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1. Isle Harbor on Leech is a platted common interest community which is administered by the Isle Harbor on Leech Owners Association created pursuant to Minnesota Statute 515B.3-101. The community is not subject to being administered by a master association.

2. The Isle Harbor on Leech Owners Association has been incorporated as a non-profit corporation pursuant to Minnesota Statute 317A.

3. Isle Harbor on Leech is a platted common interest community located in Cass County, Minnesota with the individual lots legally described as shown on the plat map attached hereto as Exhibit C.

4. The boundaries of each lot together with the common areas are also legally contained on the plat attached hereto as Exhibit C.

5. Each lot is entitled to an equal vote in the conduct of the Isle Harbor on Leech Owners Association affairs and all assessments are to also equally be divided. However, certain lots are subject to unique assessments as described in Article IV and all such lots benefiting from unique facilities will equally share in the unique assessments as defined in Article IV.

6. Isle Harbor on Leech consists of 66 residential sites and two non-residential sites. Lot 6 Block 2 and Lot 3 Block 1 are the non-residential lots in the plat with the remaining lots as noted on Exhibit C being the residential lots.

7. The use of the lots in Isle Harbor on Leech are restricted by virtue of the restrictions and covenants noted in Article I through Article XI of this Declaration. In addition, any initial sale or resale of any lot is restricted by Minnesota Statutes 515B.4-106 and 515B.4-107 which requires a seller to provide to a purchaser copies of this Declaration, the Associations Articles of Incorporation and Bylaws, any amendments thereto and a resale disclosure certificate from the Association disclosing amongst other things assessments, fees, the budget of the Association, insurance coverage and other financial matters of the Corporation. In addition, the initial sale to a purchaser must include a notice that the purchaser may cancel the purchase agreement within 15 days after first receiving a disclosure statement.

8. Timeshares and the practice of timesharing is not permitted within Isle Harbor on Leech.

9. The Declarant has Special Declarant Rights to maintain sales offices, management offices, signs advertising Isle Harbor on Leech and model buildings if so decided. In addition, the Declarant has other rights as noted throughout the Declaration following this paragraph. In addition to the common elements as noted at Exhibit A, there are also limited common elements otherwise known as unique facilities as defined by Article I, 1.1 (4) and as noted on Exhibit B. All unit and lot owners are also subject to various assessments as described in Article IV.

10. Pursuant to Minnesota Statute 515B.1-106 clause D, Declarant warrants that all conditions required by Cass County Zoning Ordinances, Federal Dam Ordinances, State of Minnesota and Federal Government laws have been complied with and that Isle Harbor on Leech was not created in violation of any of the foregoing.

DECLARATION OF EASEMENTS, COVENANTS, CONDITIONS  
RESTRICTIONS, AND RESERVATIONS FOR  
ISLE HARBOR ON LEECH  
CIC No. 18

Preliminary Statement of Facts

WHEREAS, Dynamics Design & Land Co., L.L.C., (hereinafter referred to as "Declarant") Contract Vendees, and Daystar Christian Ministries, Inc. fee owner, of certain real property located in Cass County, Minnesota, legally described as follows:

Isle Harbor on Leech  
Lots 1 through 13 inclusive, Block 1  
Lots 1 through 6 inclusive, Block 2  
Lots 1 through 7 inclusive, Block 3  
Lots 1 through 3 inclusive, Block 4  
Lots 1 through 3 inclusive, Block 5  
Lots 1 through 4 inclusive, Block 6  
Lots 1 through 3 inclusive, Block 7  
Lots 1 through 4 inclusive, Block 8  
Lots 1 through 3 inclusive, Block 9  
Lots 1 through 9 inclusive, Block 10  
Lot 1, Block 11  
Outlots A, B, C, D, E, F, G, K, L, M,  
N, O, and Outlot H (Parking/Storage (Dynamics))  
Outlot I (Future Four Lots - Townhomes)  
Outlot J (Future Four Lots - Townhomes)

WHEREAS, Declarant desires to create on the above-described real property, a residential community for the pleasure, recreation, and general benefit of the residents of said community; and

WHEREAS, Declarant is desirous of establishing certain minimum standards for the development of the subdivision to insure proper use and appropriate development and improvement of each residential and commercial site therein contained as to:

- a. Protect the Owners of Lots against such improper use of such surrounding buildings and Lots as will depreciate the value of their property;
- b. Guard against the erection thereon of structures constructed of improper or unsuitable materials;
- c. Insure adequate and reasonable development of said property;

- d. Encourage the erection of attractive improvements appropriately located to prevent inharmonious appearance of function;
- e. Provide adequate setbacks, off-street parking; and
- f. In general, to benefit and burden the Lots for the purpose of facilitating the development and maintaining the desired tone of the community and thereby securing to the Owner of each Lot the full benefit and enjoyment thereof with no greater restriction on the free and undisturbed use of the Lots than is necessary to ensure the same advantages to the other Lots which are subject to the terms of this Declaration. (Letters a., b., c., d., e., and f., above are sometimes hereinafter collectively called the "Criteria for Standards.")

WHEREAS, Declarant desires to provide for the preservation of the values and amenities in said community and to this end desires to subject together with such additions as may hereafter be made thereto, as provided in Article II, to the covenants, restrictions, easements, charges, and liens hereinafter set forth, each all of which is and are for the benefit of said property and each Owner thereof; and

WHEREAS, Declarant has deemed it desirable for the pleasure and recreations of said community and for the efficient preservation of the values and amenities in said community to create an agency to receive the power to attend to and effectuate policies and programs that will enhance the pleasure and value of said community, and maintain, administer, and enforce the covenants and restrictions and collect and disburse the assessments and charges hereinafter created;

WHEREAS, Declarant has incorporated, under the laws of the State of Minnesota, Isle Harbor on Leech Owners Association for the purpose of exercising the functions as aforesaid;

NOW, THEREFORE, in consideration of the premises, the Declarant hereby declares that the subdivision and such additions thereto as may hereafter be made pursuant to article II hereof is, and shall be held, transferred, sold, conveyed, and occupied subject to the conditions, restrictions, easements, charges and liens hereinafter set forth, which covenants, restrictions and easements shall run with the real property contained in the subdivision and any additional property annexed thereto pursuant to the provisions set forth in Article II, and be binding on all parties having any right, title or interest in the hereinafter described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

## ARTICLE I

### Definitions

1.1 Definitions. The following words, when used in this Declaration, shall have the following meanings:

1. "Association" shall mean and refer to Isle Harbor on Leech Owners Association, a non-profit corporation organized and existing under the laws of the State of Minnesota, its successors and assigns.
2. "Common Area" shall mean all real property owned or controlled by the Association for the common use and enjoyment of the Owners. The Common Area and their uses are described on Exhibit "A".
3. "Common Expenses" shall mean and refer to expenses of administration, maintenance, repair or replacement of the common area and common facilities, including but not limited to legal and accounting fees incurred in connection with the affairs of the Association, all sums lawfully assessed against the Lot Owners by the Association, and expenses agreed upon as common expenses by the Association.
4. "Unique Facilities" shall mean and refer to centralized water well and the sewer systems located on Outlot "A", Outlot "B", and Lot 1, Block 4, as well as pipes, sewer lines, drain fields used in common, wires, cables, conduits used in connection therewith, and all other parts or apparatus and installations existing on the common area or located on the properties for common use or which are necessary or convenient to the existence, maintenance, or safety of the properties. The Unique Facilities are described on Exhibit "B".
5. "Declarant" shall mean and refer to Dynamics Design & Land Co., L.L.C., a limited liability company, its successors and assigns. No individual or entity acquiring an undeveloped Lot from the named developer shall become a "Developer" solely by such acquisition, but only as a result of a specific assignment of developer and/or Declarant rights which assignment shall not be effective unless incorporated in the instrument of conveyance.
6. "Developer" shall mean and refer to the Declarant.
7. "Harbor" shall mean and refer to all real property which is designed and built to be used as a recreational harbor on Leech Lake, which is described as Lot 3, Block 1, and Lot 6, Block 2.
8. "Isle Harbor" shall mean and refer to any person or entity who is the record Owner of the fee or undivided fee simple interest in the Harbor, or

any successors or assigns to the interest of such persons or entity.

9. "Living Unit" shall mean and refer to a residential housing unit consisting of a group of rooms and hallways and garage which are designed and intended for use as living quarter for one family and located or to be located upon one Lot.
10. "Lot" shall mean and refer to any tract or parcel of land designated as a Lot shown upon any recorded plat or subdivision map of the Property with the exception of any tracts or parcels designated as Outlots.
11. "Member" shall mean and refer to every person or entity who is a record Owner of a fee or undivided fee simple interest in any Lot which is subject by covenants or records to assessment by the Association (excluding contract sellers and including in place thereof their contract purchasers).
12. "Mortgage" shall mean and refer to any mortgage or other security instrument by which a Lot, or any part thereof, or any structure thereon, is encumbered.
13. "Mortgagee" shall mean any person or entity named as the mortgagee under any mortgage, or any successors or assigns to the interest of such person or entity under a mortgage.
14. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot (excluding, however, contract sellers and including in place thereof their contract purchasers), and excluding any person having such interest merely as a security for the performance of an obligation.
15. "Private Driveway" shall mean and refer to access driveways from streets to the Living Unit.
16. "Private Yard Area" shall mean and refer to that portion of a Lot not covered by a Living Unit or by a Private Driveway.
17. "Property" shall mean and refer to all the real property subject to this Declaration, all of which is more fully described on Exhibit "C" attached hereto and by this reference incorporated herein for all purposes, and all additional real property made subject to this Declaration in accordance with the provisions of Article II. It shall also refer to any additions thereto as may hereafter be

brought within the jurisdiction of the Association.

## ARTICLE II

### Additional Property Subject to this Declaration

2.1 Additions to Existing Property. Additional real property may become subject to this Declaration in the following manner:

- a. Additions in Accordance with General Plan of Development. The Developer, its successors and assigns, shall have the right, without the consent of the Members, to bring within the scheme of this Declaration additional real property. Any Common Area on additional real property described shall be deeded to the Association prior to the conveyance of the first Lot to an Owner.
- b. Additions Authorized by Members. Additional property other than clause 2.1(a) may become subject to this Declaration upon approval of two-thirds (2/3) of the Members of each class of Association Members.

2.2 Manner of Annexation. Additions authorized under this Article shall be made by filing a Supplementary Declaration of Covenants, Conditions, and Restrictions with respect to the additional property, and after such filing, such additional property shall be subject to the covenants and restrictions of this Declaration. Such Supplementary Declaration shall contain such complimentary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and shall not be inconsistent with the scheme of this Declaration. In no event, however, shall such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration within the existing Property.

## ARTICLE III

### Membership and Voting Rights in the Association

3.1 Membership. Every Owner shall be a Member of the Association. The foregoing is intended to exclude persons or entities who hold an interest merely as a security for the performance of an obligation until such time such person acquires a fee simple interest in such Lot by foreclosure or by an proceeding in lieu thereof. Membership shall be appurtenant to and may not be separated from the ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification or membership.



3.2 Voting Rights. The Association shall not have nor shall it issue any capital stock and may only have two (2) classes or voting membership:

- a. Members shall be all those Owners as defined in Section 1.1 (14) and Owners of Lot 6, Block 2, and Lot 1, Block 3. Each member shall be entitled to one (1) vote for each Lot in which he holds the interest required for membership by Section 3.1. When more than one person holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they, among themselves, shall determine, but in no event shall more than one (1) vote be cast with respect to any Lot.
- b. When more than one person or entity holds an interest in any Lot, the vote for any such Lot shall be exercised as such persons determined, but in no event shall more than one vote for each Lot owned be cast with respect to any such Lot, nor shall any split vote be permitted with respect to such Lot. Voting rules attributable to this article shall be referred to herein as to one Lot, one vote rule.
- c. Any Member's interest in the funds and assets of the Association cannot be assigned, pledged, encumbered, or transferred to any Member except as appurtenant to said Member's Lot.
- d. The right of any member to vote shall be suspended during any period in which said Member shall be delinquent in the payment of any assessment levied by the Association. Such voting rights may also be suspended after notice of hearing, for a period not to exceed sixty (60) days for any infraction committed by The Member, his family, his guests and/or his tenants of any rules or regulations published by the Association.

3.3 Board of Directors. The Isle Harbor on Leech Owners Association shall be administered and managed by a board of directors consisting of three persons. The duties and powers of the officers and directors are those defined by Minnesota Statute 515B.3-103 and all others indicated in the Articles of Incorporation, Bylaws if any, and this Declaration.

- a. The initial Board of Directors is comprised of the Declarant's nominees, Marlon Glines, Lyle Christensen and Richard Schroeder. Pursuant to Minnesota Statute 515B.3-103(c), this Board of Directors or others appointed by the Declarant shall serve a term for a period of three years from May 1, 1999.

3.4 Election. Subject to the foregoing, all subsequent directors shall be elected by a majority of the members at a regular or special meeting of the Association.

- a. Once elected, a director serves for a three year term expiring at the third regular meeting after said election or until a successor is elected and has qualified, or until the director's earlier death, resignation, removal or disqualification.
- b. Vacancies on the Board of Directors resulting from the death, resignation, removal or disqualification of a director may be filled by the affirmative vote of a majority of the remaining directors, even though less than a quorum.

3.5 Declarant Control. The three year term of the initial board may be modified as follows:

- a. After 50% of the lots are conveyed to owners other than the Declarant or an affiliate of Declarant, a meeting of the Association shall be held at which not less than 33 1/3% of the members of the board shall be elected by members other than Declarant or Declarant's affiliate. Said meeting shall occur within 60 days of said conveyance.
- b. Regardless of any other period provided in this Declaration or elsewhere, Declarant's control shall terminate upon the earlier of (i) surrender of control by the Declarant or (ii) 60 days after conveyance of 75% of the units to owners other than the Declarant.

#### ARTICLE IV

##### Covenant for Maintenance Assessments

4.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for all lots and Outlots on Isle Harbor on Leech, hereby covenants, and each Owner of said lots by acceptance of deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association.

- (a) general annual assessments or charges; and
- (b) special assessments for capital improvements, such assessments to be established and collected from time to time as hereinafter provided; and
- (c) unique assessments to maintain, improve or replace the common septic systems and well located on Outlot A, Outlot B, and Lot 1, Block 4. The Owners of Lot 6, Block 2, Outlot I and Outlot J

shall be assessed to maintain the systems located on Outlot A. The Owners of Lots 1 through 7, Block 3 and Lot 1, Block 4 shall be assessed to maintain the septic system located on Outlot B. The Association shall maintain the surface of Outlots A and B. These assessments shall be in addition to the assessments of 4.1(a) (b) and (d).

(1) All unique assessments shall be determined by a subcommittee consisting of 3 Members annually elected by the Owners of Lot 6, Block 2; Outlot I; Outlot J; Lots 1 through 7, Block 3 and Lot 1, Block 4.

- (d) the general annual special assessments and unique assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on each such Lot and shall be a continuing lien on each such Lot against which each such assessment is made. Each such assessment, together with interest thereon and all costs of collection thereof as hereinafter provided, shall also be the personal obligation of each person who was the Owner of each such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them. All such assessments shall be fixed, established, and collected from time to time in the manner provided in this Article.

4.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the properties and for the improvement and maintenance of the Common Area, and of the homes situated upon the properties. The cost of maintaining the Common Area and all improvements thereon, including all recreational facilities shall be paid in equal shares by the Owners of all Lots. It shall be the responsibility of the Association to maintain all other roadways, recreational facilities, boat slips assigned to Owners, or utilities now existing or developed in the future, and also to provide and pay for insurance and property taxes of the Common Area, if any.

4.3 Annual Assessments. The Board of Directors of the Association shall after consideration of the current assessment costs and future needs of the Association, fix the actual assessments for each year.

4.4 Special Assessments for Capital Improvements. In addition to the annual assessments and unique 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 new construction, reconstruction, repair or replacement of a capital

improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of Members at a meeting duly called for this purpose.

4.5 Individual Lot Maintenance Assessment. 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, and, as appropriate, pursuant to the procedure contained in this Declaration. If the Association so acts on behalf of an Owner, the Association may levy an assessment (hereinafter "individual lot maintenance assessment") against the Lot for the cost of the performance or correction, including reasonable attorney's fees and costs.

4.6 Notice and Quorum for any Action Authorized under 4.3 and 4.4. Written notice of any meeting called for the purpose of taking any action authorized under 4.3 and 4.4 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The presence of Members or of proxies constituting 20% of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. Under no circumstances will such a meeting take place less frequently than once per year.

4.7 Uniform Rate of Assessment. The annual assessments must be fixed at an equal rate for all Lots and may be collected on a monthly basis if determined by the Association. Special assessments must be fixed at an equal rate for Lots. Unique assessments must be fixed at an equal rate for all Lots subject to the assessment.

4.8 Date of Commencement of Annual Assessments - Due Dates. The first assessment as established by the Board of Directors shall be paid either monthly or in a lump sum amount due annually depending on the amount and at the discretion of the Board of Directors. Written notice of any assessment shall be sent to every Owner subject thereto. The Board of Directors shall establish the due date. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

4.9 Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each Lot for each annual assessment period at least thirty (30) days in advance of such date of commencement of such period, and shall at that time prepare a roll of the Lots and assessments applicable thereto

which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of every assessment shall thereafter be sent to each owner. Subject to payment of a reasonable charge, the Association shall furnish a written certificate signed by an officer of the Association setting forth whether or not assessments upon particular Lots have been paid. Such certificate shall be conclusive evidence of payment of any assessments therein stated to have been paid.

4.10 Effect of Nonpayment of Assessment: The Personal Obligation of the Owner: The Lien: Remedies of Association.

- (a) If any assessment is not paid on the date when due, then such assessment shall become delinquent and shall, together with such interest thereon and costs of collection thereof as hereinafter provided, thereupon become a continuing lien on such Lot or Lots, which shall bind such Lot or Lots in the hands of the then Owner, heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them. Such lien shall run in favor of the Association and shall be superior to all other liens and encumbrances on such Lot except for the following:
  - (i) liens for general real estate taxes and special assessments levied by any governmental authority; and
  - (ii) the lien of any first mortgage as provided in 4.11 hereof.
- (b) All other lienors acquiring liens on any Lot after this Declaration shall have been recorded and whose liens shall also have been recorded shall be deemed to consent that their liens shall be and remain inferior to future liens provided for herein, whether or not such consent has been expressed in the instruments creating their liens.
- (c) To evidence a lien for sums assessed pursuant to this Article, the Association shall prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Lot, and a description of the Lot and file or record the same, but such notice of lien shall not be recorded until such assessment has been wholly or partially unpaid for at least thirty (30) days from the due date. Such lien may be enforced and foreclosed by the Association, either by action or advertisement in the same manner in which

mortgages on real property may be foreclosed in Minnesota or alternatively in the manner prescribed by Minnesota Statutes for the foreclosure of a mechanic's lien. Each Owner, by acceptance of a deed for any Lot, does further hereby give full and complete power of sale to the Association and does consent to a foreclosure of the assessment lien by any of the foregoing methods. In the event that the Association shall prevail in any such foreclosure, the person personally obligated to pay the same shall be required to pay all costs of foreclosure, including but not limited to reasonable attorneys fees. All such costs and expenses and any assessments against the Lot which shall become due during the period of foreclosure and redemption shall be added to and become a part of the amount secured by said lien. The Association shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use, and otherwise deal with the Lot as the Owner thereof. A release of the notice of lien shall be executed by an officer of the Association and recorded upon payment of all sums secured by such lien.

- (d) Any encumbrancer holding a lien on any Lot may pay, but shall not be required to pay, any amounts secured by the lien created and authorized by this Article, and upon payment of such sums, such encumbrancer shall be subrogated to and shall be entitled to an assignment of all rights of the Association with respect to such lien, including but not limited to priority as to any other lien or interest in such Lot, except the right of first mortgagees as provided in paragraph 4.11.
- (e) The Association shall, upon written request, report to any first mortgagee or other encumbrancer of a Lot the amount of the assessments remaining unpaid for a period longer than thirty (30) days after the same shall become due.
- (f) Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at the rate of eight (8%) percent per annum. No Owner may waive or otherwise escape personal liability for the assessments provided for herein by abandonment of his Lot. A suit to recover a money judgment for such expenses, with costs of collection, attorneys fees and interest as provided for herein, shall be maintainable by the Association without foreclosing or waiving the lien securing the same.

4.11 Subordination of Lien to First Mortgages. The lien of assessments provided for herein shall be subordinate to the lien of any first mortgage, and the sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to the foreclosure of a first mortgage, or pursuant to any other proceeding or arrangement in lieu of such foreclosure, shall extinguish the lien of such assessments as to sale, transfer or acquisition by the mortgagee to the end that no assessment liability shall accrue to any acquiring mortgagee, whether such possession has passed at the termination of any period of redemption or otherwise, and in the event of the extinguishment of such assessment lien as aforesaid, the entire amount of such unpaid assessment shall be reallocated and assessed against, and payable by the Owners of all Lots. No such sale, transfer or acquisition of possession shall relieve an Owner of a Lot from liability for any assessments thereafter becoming due or from the lien thereof, or shall relieve the person personally obligated to pay the assessments which were levied prior to the transfer of such property from the personal obligation to pay same.

## ARTICLE V

### Easements

5.1 Easements. In addition to the easements, covenants, restrictions, and conditions concerning architectural and exterior controls, all Lots shall be subject to easements and covenants hereinafter specifically described for the benefit of the property or for the limited benefit of specified adjoining Lots, all as more fully set forth hereinafter in this Article.

5.2 Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, which shall include, without limiting the generality thereof the following:

- (a) light;
- (b) air;
- (c) view;
- (d) recreation;
- (e) pedestrian ingress and egress;
- (f) ingress and egress upon all Common Areas, including Isle Harbor Drive, Harbor View Road, October Circle, April Circle and all Outlots;
- (g) surface drainage conduit;
- (h) electrical conduit;
- (i) telephone cable;

- (j) water and sewer lines;
- (k) television cable; and
- (l) gas lines and other utilities in locations designated by Declarant.

The foregoing rights shall, however, be subject to the following provisions;

- (a) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving and maintaining the Common Area and, in aid thereof, to mortgage said properties, and the rights of such mortgagees in said properties shall be subordinate to the rights of the Owners hereunder; and
- (b) the right of the Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure; and
- (c) the right of the Association to suspend the voting rights and right to use of any recreational facilities by an Owner for any period during which any assessments against his Lot remains unpaid and for a period not to exceed sixty (60) days for each infraction of its published rules; and
- (d) the right of the Association, subject to the assents required by Article X hereof, to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members.

5.3 Underground Utility Easements. Each Lot over which a public utility easement has been dedicated, as shown on the recorded plat of the property, shall be subject to a right and easement for underground general utility purposes over that portion of such Lot which is burdened with such dedicated public utility easements. Such utility purposes shall include, but not be limited to, sewer, water, electrical, cable television, and telephone purposes, including the right to build, construct, reconstruct, rebuild, repair, maintain, and operate underground sewer, water, electrical mains, and telephone cables and any surface connections to such underground mains, along with the right to enter upon and open the ground for such purposes, providing that all such openings shall be filled and the surface restored to its former condition. All such utility easements shall jointly run in favor of and inure to the benefit of the Owners of the Lots, and any and all public authorities or utility companies maintaining or operating any utility facility upon such easement area.



5.4 Drainage Easements. Easements for the installation and maintenance of drainage facilities are reserved as shown on the recorded plat. Within these easement areas, no structure, planting or other material shall be placed or permitted to remain which may change the direction of flow of drainage channels located therein, or which may obstruct or retard the flow of water through drainage channels located therein. The easement areas of each Lot and all improvements within them shall be maintained continuously by the Owner of the Lot.

5.5 Delegation of Use of Common Area. Any Owner of Lots may delegate, in accordance with this Declaration and any Association By-Laws, his/her/its right of enjoyment to the Common Areas and facilities to the Members of his/her/its family, his/her/its tenants, his/her/its guests, or contract purchasers who reside on the property. Under no circumstances may use be delegated to the general public or other individuals not residing on the properties, subject to the terms and conditions of this Declaration.

5.6 Limitation of Use on Common Area. The use by the Members of the Common Areas and facilities shall be subject to:

- (a) The right of the Association to make repairs and improvements, and in connection therewith, to borrow money and to deliver documents encumbering the Common Areas and facilities as security for such borrowing;
- (c) The right of the Association to promulgate, from time to time, reasonable rules and regulations with respect to the Common Areas and facilities, and any part or parts thereof; and
- (c) The right of the Association to suspend the enjoyment rights of any Member for any period during which any assessment remains unpaid, and to suspend any Member for any period not to exceed sixty (60) days for any infraction by such Member, his family, his guests and/or his tenants of the rules and regulations, if any; provided that nothing contained herein shall deny a Lot Owner access to or from his Lot owned within the property.

5.7 Association's Easements on Lots. Ownership of each Lot shall be subject to the Association's rights to maintain and replace underground utilities, such as telephone, electric, roads, sewer lines, septic system lines, parts or apparatus, parking and walkways, which may become necessary in the establishing of utilities and easements for the successful operation of Isle Harbor on Leech.

## ARTICLE VI

### Approval by Architectural Control Prior to Construction

6.1 Purpose and Authority. In order to maintain the desired tone of the residential community, and thereby secure to each Owner the full benefit and enjoyment of his Lot with no greater restriction on the free and undisturbed use of a Lot than is necessary to ensure the same advantages for the other Owners, an Architectural Control Committee is hereby established. The Architectural Control Committee is authorized to establish written standards concerning the improvements to each Lot.

6.2 Membership. The Architectural Control Committee (hereinafter referred to as "Committee") shall be composed of the Board of Directors of the Association or three (3) or more representatives appointed by the Board of Directors. The initial Architectural Control Committee Members shall serve for a five (5) year term. This term thereafter shall be established by the Board of Directors of the Association. In the event of a death or resignation of any Member of the Committee, the remaining Members shall have full authority to designate a successor. The Members of the Committee or its designated representatives shall be entitled to reasonable compensation for services performed pursuant to Article VI. The Architectural Committee shall be empowered to retain the services of an architect to advise the Committee on architectural matters.

6.3 Procedure. Before commencing any permanent improvement on or to any of the described Lots, the construction or external alteration of any building, enclosure, fence, or any other structure, the Owner shall first submit a site plan and plans and specifications to the Architectural Control Committee.

The Committee's approval or disapproval shall be in writing. In the event the Committee or its designated representative fails to approve or disapprove within thirty (30) days after plans and specifications have been submitted to it, or within said 30-day period submit the issue to arbitration as hereinafter provided, approval will not be required.

The Architectural Control Committee shall take into consideration the planned location of the proposed improvement, its conformity and harmony of external design with existing or planned improvements in Isle Harbor on Leech, and the location of the improvement with respect to topography and finished ground elevation. Conformity by the Owner with such requirements as may be imposed by the City of Federal Dam and/or the County of Cass in connection with the issuance of a building permit for the Lot shall not create a presumption that such planned improvement is compatible and in harmony with the existing or planned development of other Lots. Conformity by the Owner with such requirements as may be imposed by the Architectural Control Committee in connection with the issuance of Committee approval shall not create a presumption that such planned improvement is

in accordance with such requirements as may be imposed by the City of Federal Dam and/or the County of Cass in connection with the issuance of a building permit upon the Lot. In the event the approval of the Committee is not obtained and either party has given written notice of a demand for arbitration within the 30 day period, the following procedure shall be followed:

- (a) The petitioning party may, by written notice on the other within the 30 day period required for approval or disapproval of plans and specification, appoint an arbitrator who is a member of AAA, which appointment shall be noted in writing to the other party. If the other party objects to said appointment, it must notify the petitioning party in writing within 5 days after receipt of the notice of appointment. The removed arbitrator shall then appoint another arbitrator who is a member of AAA.
- (b) After appointment as hereinabove provided, the arbitrator shall hold an arbitration hearing, at such place as he may designate within thirty (30) days after such appointment. At the hearing, the rules of evidence of the State of Minnesota shall apply and the arbitrator shall allow each party to present its case, evidence, and witnesses, if any, in the presence of the other party, and shall render his decision, including a provision for payment of costs and expenses of arbitration to be paid by one or both of the parties hereto as the arbitrator deems just. Any costs and expenses charged to the Committee shall be paid by the Association.
- (c) The decision of the arbitrator shall be binding on the parties hereto.

## ARTICLE VII

### Restrictions Applicable to Lots

7.1 Except for Lot 3, Block 1 and Lot 6, Block 2, no Lot shall be used except for residential purposes; no Living Unit shall be erected, altered, placed or permitted to remain on any Lot other than one single family dwelling not to exceed two and one-half stories in height, and an attached or detached garage for a minimum of two (2) cars with two (2) individual garage doors. Lot 1, Block 4 may have two families as joint owners but with no lot subdivision.

7.2 No Lot shall be subdivided or split by any means whatsoever into any greater number of residential Lots.

7.3 All uses of the Lots shall, at a minimum, comply with any necessary permits and zoning and other applicable ordinances and regulations of the City of Federal Dam. The standards herein

contained shall be considered as requirements in addition to said permit and zoning and other applicable ordinances and regulations.

7.4 Water Supply and Septic Systems. All wells shall be deep wells. Shallow wells with sand points shall not be permitted. All Lot Owners in Block 3 and Lot 1, Block 4, shall hook up to centralized septic system located on Outlot "B". All Lots Owners in Outlots "J" and "I" and Lot 6, Block 2, shall hook up to a centralized septic system located on Outlot "A" and no independent septic system shall be permitted. All Lot Owners shall likewise pay their proportionate share of the costs associated with operation and maintenance; upkeep and repair of said system as part of their assessments as set out in Article IV herein.

7.5 In order to preserve the uniform and high-standard appearance of the Property, each owner undertakes responsibility for maintenance and repair of the exterior of his Living Unit, Private Yard Area and Private Driveway on the Lot. Such responsibility for maintaining the Lot and improvements thereon shall include, but not be limited to the following: the maintenance and repair of exterior surfaces of all buildings on the Lot, including without limitation, the painting of the same as often as necessary, the replacement of trim and caulking, the maintenance of repair of roofs, gutters, downspouts and overhangs, the maintenance and repair of exterior windows and doors, necessary painting, staining and repair of patio structures.

7.6 Utilities. All utilities must be below grade, unless below grade utilities are not available through the utility company.

7.7 T.V. and satellite reception devices shall be approved by the Architectural Committee.

7.8 Soil Removal. No sod, soil, sand or gravel shall be sold or removed from any lot, except for the purpose of excavating for the construction or alteration of a residence on the lot for grading, landscaping, or road improvement.

7.9 Tree Removal. There shall be limited removal of any trees or tree cutting between any building site and Leech Lake, unless the trees are diseased or dead. Removal and cutting of trees shall be allowed for purposes of creating a lawn area and building site for a living Unit or an addition to a Living Unit and garage only, and no unnecessary or unusual cutting or clearing of trees shall be allowed. The intent being to keep as much of a natural wooded look to the Lots as possible. Trees with a diameter of eight (8) inches or more shall not be cut unless approved by the Architectural Control Committee in writing.

7.10 Driveways. All driveways shall be located or constructed so as to minimize the impact, view or enjoyment of

the adjoining landowner. There shall be no permanent vehicle parking on the lakeside of Living Unit on a regular basis to minimize the negative impact of viewer enjoyment of the adjoining landowners.

7.11 Temporary Structure. A trailer, tent, garage, mobile home, camper, or one accessory structure (which may not be a garage) may be used for a maximum of 180 days while the main Living Unit is under construction. After such construction is completed, no such temporary structure is permitted upon any lot except as is otherwise allowed under paragraph 7.12 of these covenants.

7.12 Mobile Homes/Travel Trailers/Motor Homes/Tents. No mobile home shall be permitted within the confines of Isle Harbor on Leech, except recreational travel trailers, motor homes, and tents may be permitted but not in excess of eighteen (18) days. Permission for keeping said items beyond eighteen (18) days must be approved by the Architectural Control Committee pursuant to the procedure of Article 6.3.

7.13 Animals. No animals, livestock, or poultry of any kind shall be raised, bred or kept on the property, except dogs, cats and other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose. The Owners of any Lot shall keep no more than two (2) cats and two (2) dogs. All pets, including cats or dogs, shall be under the control of the Owner of the Lot at all times.

7.14 Nuisance Animals. No dogs, cats or other common household pets shall be permitted to run at large within the subdivision. This restriction does not prohibit the appearance of any such animal upon the streets when the animal is on a leash and is kept under the control of the person charged with its care.

7.15 Dog Nuisances. The Owner or custodians of any dog shall prevent the dog from committing within the subdivision any act which constitutes a nuisance. It is a nuisance for any dog to habitually or frequently bark or cry at night, to chase vehicles, to molest or annoy any person away from the Lot of his Owner or custodian, or to damage, defile, or destroy property. Habitual or frequent barking or crying occurs if it exceeds 15 minutes in duration including quiet interludes of 3 minutes or less.

7.16 Home Occupation. No "Class One" profession or home industry as defined by Cass County Ordinances shall be conducted in any Living Unit or on any Lot without the specific written approval of the Architectural Control Committee. The Committee, in its discretion, upon consideration of the circumstances in each case, and particularly the effect on surrounding property, may permit a Lot to be used in whole or in part for the conduct of a profession or home industry. No such profession or home industry shall be permitted, however, unless it is considered by the Developer or by the Architectural Control Committee,

whichever then has authority, to be compatible with the residential neighborhood.

7.17 Nuisances. No noxious weeds, underbrush, or other unsightly growths shall be permitted to grow or remain upon the premises. No refuse pile or unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon. Firewood shall be stored only to the rear of the residence of non-Lakeside lots and away from the lake on lakeside or harbor lots. In the event that an Owner of any Lot shall fail or refuse to keep such premises free from noxious weeds, underbrush, or refuse piles or other unsightly growths or objects, then the Developer or the Committee may enter upon such lands and remove the same at the expense of the Owner and such entry shall not be deemed as trespass and in the event of such a removal, a lien shall arise and be created in favor of the Association and against such Lot for the full amount chargeable to such Lot and such amount shall be due and payable within thirty (30) days after the Owner is billed therefor. No Lot shall be used in whole or in part for the storage of rubbish of any character whatsoever, nor for the storage of any property or thing that will cause such Lot to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any Lot that will cause foul or noxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort, or serenity of the occupants of surrounding property. The outside storage of any unlicensed motor vehicle upon the premises shall also be considered a nuisance.

7.18 Leasing. Any lease between an Owner and a non-Owner occupant shall be in writing and 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 By-Laws of the Association, and shall provide that any failure by the Non-Owner occupant to comply with the terms of such documents shall be a default under the lease. Other than the foregoing, there shall be no restrictions on the use of a Living Unit by a non-Owner occupant.

7.19 Fences, Walls. Boundary walls and fences are inconsistent with the intended plan of development for the property. No wall or fence shall be constructed on any Lot. Dog runs are allowed if no larger than 200 square feet. Dog runs shall be located in the same manner as firewood.

7.20 Storage Tanks. No permanent storage tanks of any kind shall be erected, placed or permitted on any Lot unless effectively screened from view outside the Lot.

7.21 All Lots shall be landscaped with grass or other suitable material for disturbed areas within thirty (30) days of completion of construction or as soon as weather permits, whichever is last to occur. The Committee may require a bond or other financial guarantee to insure the compliance with this or other requirements and it may use the bond or other financial

guarantees to complete the improvements without recourse to it upon five (5) days notice to the Owner of the Lot.

7.22 Signs. No sign of any kind shall be displayed to the public view on any Lot except as follows:

- (a) Entrance monuments identifying the subdivision or Lot Owner may be installed provided the Association has approved them.
- (b) Two signs of not more than 2.5 feet by 3 feet each in size advertising the Lot for sale is permitted.
- (c) Declarant may display signs as needed for original sale of any Lots.

ARCHITECTURAL CONTROL COMMITTEE

Minimum Construction Standards

1. Area:

- (a) Each dwelling placed on a Lot shall consist of at least 896 square feet located on the first floor, excluding enclosed porches, and attached garages. If said dwelling does not include an attached garage, the dwelling shall have at least 896 square feet of floor space on the ground level floor.
  
- (b) All structures constructed or placed upon any Lot shall be totally completed on the exterior thereof within six (6) months after commencement of construction. Commencement of construction shall mean from the date of setting of the footings or the date of actual excavation, whichever is earlier. All construction of any building, including homes, must be of an improved exterior facing such as stone, stucco, vinyl siding, brick, board and batten, cedar shakes, logs, log siding, or wood, compatible with the area, and all colors shall be of an earth-tone, basic coloring of buildings to fit in with the general development and design of the area. All buildings must be constructed in a workmanlike manner, on a full foundation of stone, masonry, block, approved wood basement, or poured concrete. The exterior walls of structures shall not be constructed of composition rolled siding, imitation brick, or other similar inferior products of materials. The roof of all structures shall not be constructed with rolled roofing or any other inferior product materials. All roofs must be composed of a wood roof material, and/or a timberline by GAF type shingle or equal, at a minimum of 360 lbs. weight per square.

Off-Shore Lots = 768 square foot minimum area on main floor.

Lake Lots = 896 square foot minimum area on main floor

Harbor Lots = 768 square foot minimum area on main floor

2. Exterior of Buildings:

- Earth tone colors or natural wood.
- 4/1 roof pitch to 1/1 pitch, gable roof.



3. Accessory Buildings:

- Same siding as main structure.
- Same roof material as main structure.
- No less than 4/1 roof pitch, gable roof.

4. Building Setbacks: 75' Lakeshore, 37.5 Harbor Shore:

- No structure to be closer than fifty (50) feet to the thirty-three (33) foot Private Drive right-of-way on any side. Exception: Lakeshore and Harbor Shore Lots to have buildings setback minimum of thirty (30) feet from Private Drive right-of-way
- Ten (10) feet to side Lot line but no closer than thirty (30) feet to neighboring main structure.
- Thirty (30) feet to rear Lot line if not on lake or harbor.
- Block 3 to be independent of these setbacks.

5. Seven Cabins of "Isle Harbor on Leech", Lots 1-7, Block Three

Exterior:

- Earth tone colors or natural wood.
- Owners shall attempt to have style and colors conform to other cabins in Block 3.

Cabin Additions:

- Room additions to lakeside of cabin (front of cabin) are allowed up to 14' with gable roof to match current roof.
- Room additions will be set back ten (10) feet from property line.
- Room additions to have same siding, roof material and roof pitch as main structure.
- One accessory building is allowed and will be between 250 square feet and 600 square feet.
- Accessory building will have gable roof with minimum 4/1 roof pitch.
- Accessory building will have same siding and roof material as main structure.
- Accessory building will be no closer than ten (10) feet to any property line and will not extend past the front of the main structure.
- No freestanding structures are allowed in the front of each cabin (to the cabins lakeside) such as gazebos, swing sets, etc.
- No parking or driving of motorized vehicles between each cabin or in front (to the lakeside) of each cabin except as necessary for loading and unloading materials and as necessary for landscaping construction and/or maintenance.
- No planting of over story trees to the front (to the lakeside) of each cabin.
- Decks or patios to be limited to 350 square feet if no room addition on front of cabin.

## ARTICLE VIII

### Enforcement of Easements, Restrictions, and Covenants

8.1 Each of the easements, restrictions, and covenants as set forth herein or hereafter created shall be enforceable by the Association and by any of the Owners of any Lot which is benefitted by such easement, restriction or covenant, or any of their respective successors in title but no other person shall have any right to enforce any such easements or restrictions and covenants, nor shall any other person, other than the Declarant, Association, or such Owner, the Owner's tenants, invitees, and licensees, have any interest in the easements, restrictions and covenants hereby created and declared. Nothing obtained herein shall constitute a dedication of any interest in such easements, restrictions, and covenants to the public or give any members of the public any rights hereunder.

Failure to enforce the easements or restrictions and covenants herein contained shall in no way be deemed a waiver of the right to do so thereafter.

8.2 Remedies for Violation. In the event of any violation or attempted or threatened violation of the terms hereof, or any interference or attempted or threatened interference with the rights and obligations herein granted, each of the easements, restrictions, and covenants may be enforced by a proceeding at law or in equity, or both. If any person entitled to enforce the easements, restrictions and covenants shall elect to enforce the terms hereof by a proceeding in equity, such person may petition for a restraining order of injunction, temporary or permanent, prohibiting such violation or interference and demanding compliance with the provisions, which restraining order and injunction shall be obtainable upon proof of the existence of such violation, or attempted or threatened violation or interference, and without the necessity of proof of the inadequacy of legal remedies or irreparable harm. The Association shall have the right, but not the obligation, to cure any violation and to assess the cost thereof to the parties responsible, provided, however, that the exercise of such right by the Association, however often, shall not give rise to a continuing obligation on the part of the Association to cure future violations of this Declaration.

8.3 Cost of Enforcement. If any of the easements or restrictions and covenants created herein are enforced by appropriate proceedings by any Owner, the Declarant, or the Association and if such Owner, Declarant or the Association shall prevail in any such proceeding, said prevailing party may be reimbursed for all or any part of the costs incurred in the enforcement thereof, including but not limited to reasonable attorneys fees, costs and expenses.

8.4 Invalidation. Invalidation of any of these covenants or restrictions by judgment or by Court Order shall not affect

any of the other provisions which shall remain in full force and effect.

## ARTICLE IX

### Insurance Reconstruction

9.1 Liability Insurance; Fidelity Bonds. The Board of Directors of the Association or its duly authorized agent shall obtain a broad form of public liability insurance insuring the Association, with such limits of liability as the Association shall determine to be necessary, against all acts, omissions to act, and negligence of the Association, its officers, Directors and its employees and agents, for the members of the Architectural Control Committee and for the Members of the Article 4.1 c. A(1) Subcommittee. The Association's Board of Directors shall also provide fidelity bonds providing protection to the Association against loss by reason of acts of fraud or dishonesty on the part of the Association's directors, managers, officers, employees or volunteers who are responsible for the handling of funds of the Association in an amount sufficient to provide no less protection than one and one-half (1-1/2) times the estimated annual operating expenses and reserves of the Association.

9.2 Casualty Insurance on Insurable Common Area. The Association shall keep all insurable improvements and fixtures of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property, whether real or personal, owned by the Association against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the Owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are general expenses included in the general assessment made by the Association.

9.3 Replacement or Repair of Property. In the event of damage to or the destruction of any part of the Common Area improvements, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a special assessment against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other general assessments made against such Owner.

9.4 Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in

order to ascertain whether the coverage contained in the policies is sufficient.

## ARTICLE X

### Notice of First Mortgagees

10.1 Mortgagee's Rights. Notwithstanding any other provision of this Declaration, the Articles of Incorporation or the By-Laws of the Association, the provisions of this Article X shall control, and in the event of a conflict between the provisions of this Article and the provisions of such Declaration, Articles or By-Laws, the provisions of this Article shall control.

10.2 Notice of Default. Any Mortgagee holding a first mortgage on a Lot, and who shall have previously filed a written request with the Association, shall be entitled to written notification of any default by the mortgagor or Owner of such Lot or his or their, heirs, successors or assigns in the payment of any assessments or the performance of any other duties or obligations herein set forth which shall have remained in default for a period of thirty (30) days or more. The neglect or failure of the Association to tender such notice to the mortgagee shall toll the running of any time limits applicable to the procedure for the collection of such assessment or remedies available to the Association on account of such default only as to said mortgage.

10.3 Consent Required. Without the prior written approval of sixty-six and two-thirds (66-2/3%) percent of the holders of first mortgage liens against all Lots, the Association shall not be entitled to:

- (a) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer any property which the Association shall have acquired for the benefit of the Owners;
- (b) change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;
- (c) by act or omission, change, waive or abandon the scheme of exterior and architectural controls, as hereinabove set forth.

## ARTICLE XI

### General Provisions

11.1 Enforcement by Association. The Association, shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, liens and charges now or hereafter imposed by the provisions of this Declaration, including but not limited to the collection of

all assessments. In the event that the Association should employ the services of an attorney in connection with a breach of the terms hereof, or in connection with the enforcement of the terms hereof, and if the Association shall prevail in any such action, such Owner shall pay, in addition to all other sums due, the Association's reasonable attorneys fees, costs and expenses. The failure by the Association to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. If these restrictions are enforced by appropriate proceedings by an Owner, such Owner may be reimbursed by the Association for all or any part of the costs incurred, as the Board of Directors of the Association shall in its sole discretion determine.

11.2 Severability. The invalidation of any one of these covenants or restrictions by legislation, judgment or Court Order shall in no way affect any other provision which shall remain in full force and effect.

11.3 Amendments. The provisions of this Declaration may be amended after January 1, 2002 by an instrument signed by no less than 75% of the Owners.

11.4 Limitation on Declaration. The covenants, restrictions, easements, conditions and reservations imposed or established by or created under this Declaration or any amendment hereto shall run with and bind the property for a period of twenty (20) years from the date of the recordation of this Declaration and may be enforced as provided herein. After the expiration of said twenty (20) year period, all of such covenants, restrictions, easements, conditions, and reservations shall continue to run with and bind the property for successive periods of ten (10) years each unless revoked, changed or amended in whole or in part by members entitled to cast eighty (80%) percent of the votes, and evidenced by a recorded instrument executed by duly authorized officers of the Association.

11.5 Construction and Conflict. In the event of any apparent conflict between the Articles of Incorporation and the By-Laws of the Association and terms of this Declaration, this Declaration shall control. In the event of any apparent conflict between the Articles of Incorporation and the By-Laws of the Association, the terms of the Articles shall control.

11.6 Rules and Regulations. The Board of Directors of the Association may, from time to time, adopt such rules and regulations as the Board, in its sole discretion, deems appropriate or necessary, including, without limiting the generality of the foregoing, additional rules and regulations concerning the use of parking areas, maintenance of the Common Areas and additional rules and regulations concerning the appearance of each Lot.

11.7 Rights of Declarant. Until the last Lot is sold and conveyed to an Owner other than a Declarant, the following activities by Declarant or with the written consent of Declarant

will not be deemed violations of restrictions contained in this Declaration:

- (a) the use of a Lot or Lots for model and sales office purposes;
- (b) the storage of a construction trailer, equipment, materials and earth during the construction of new Living Units;
- (c) the display of signs advertising the property, or new Living Units and the maintenance of temporary fencing, walkways, landscaping and berming in the vicinity of model and sales units.

11.8 Variances. The restrictions applicable to Lots as specified in Article VII of this Declaration are intended for the benefit of all property Owners. The Declarant, however, acknowledges that exceptional conditions of a particular Lot may create peculiar and practical difficulties mitigating against the strict enforcement of a provision contained in Article VII. In the event an Owner believes that such exceptional conditions on a Lot create a hardship or special situation, an Application for Variance may be made by an Owner to the Architectural Control Committee in accordance with paragraph 6.3 of this Declaration. An Application for Variance shall state on the Application the reasons for allowing the variance, including:

- (a) that there are special circumstances or conditions affecting the Lot such that the strict application of a provision of Article VII would deprive the Owner of the reasonable use of the Lot; and
- (b) the variance is necessary for the preservation and enjoyment of a substantial property right of the Owner; and
- (c) the granting of the variance will not be detrimental to the public welfare or injurious to other Owners or Lots subject to the Declaration; and
- (d) that the issuance of the variance will not have an adverse effect upon the health, welfare and safety of the Owners benefitted by this Declaration.

In considering a request for a variance from the strict application of Article VII of this Declaration, the Committee shall make a finding showing that all of the foregoing conditions exist and the Committee may impose any reasonable condition in the granting of such variance in order to protect other Lots and Owners.

The decision of the Committee shall be final in regard to any Application for a Variance and such decision shall not be subject to appeal either by arbitration or litigation. The granting of a Variance by the Committee shall not be binding upon

the city of Federal Dam, nor shall the granting of a Variance by the city of Federal Dam be binding on the Committee.

DYNAMICS DESIGN & LAND CO., L.L.C.

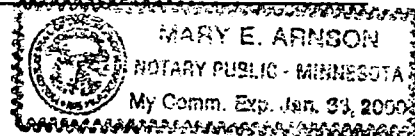
Dated:

By: *Marlon Glines*  
Marlon Glines, Chief Manager

STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF CASS )

The foregoing instrument was acknowledged before me this 21 day of May, 1999, by Marlon Glines, Chief Manager of Dynamics Design & Land Co., L.L.C.

*Mary E. Arnson*  
Notary Public



Daystar Christian Ministries, Inc. joins in the aforesaid Declaration and as fee owner agrees to be bound by its terms.

Dated:

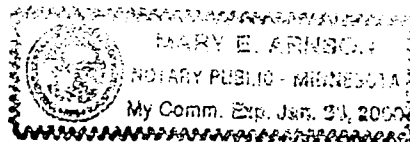
DAYSTAR CHRISTIAN MINISTRIES, INC.

BY: *Myron McKee*  
Myron McKee, President

STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF )

The foregoing instrument was acknowledged before me this 21 day of May, 1999, by Myron McKee, President of Daycare Christian Ministries, Inc.

*Mary E. Arnson*  
Notary Public



THIS INSTRUMENT WAS DRAFTED BY:

Richard D. Clough  
Attorney at Law  
116 North Central Avenue  
Buffalo, MN 55313  
612-682-0032

EXHIBIT "A"

ISLE HARBOR ON LEECH  
PLANNED UNIT DEVELOPMENT  
USE OF OUTLOTS/COMMON ELEMENTS

Outlot A	Commercial/Townhome Sewer
Outlot B	Common Sewer/Open Space
Outlot C	Park/Open Area
Outlot D	Open Space/Conservation Easement
Outlot E	Park/Open Space
Outlot F	Open Space - Conservation Easement
Outlot G	Open Space - Conservation Easement
Outlot H	Parking/Storage (owned by Dynamics)
Outlot K	Park Roads
Outlot L	Park Roads
Outlot M	Roads
Outlot N	Parking and Driveway
Well/Pressure Tank	Common Well/Pressure Tank for Lots 1-7, Block 3 and Lot 1 Block 4 located on Lot 1 Block 4.



EXHIBIT "B"

UNIQUE COMMON AREAS

- Outlot A - The location and operation of the common septic system which serves Outlot I, Outlot J, and Lot 6, Block 2.
- Outlot B - The location and operation of the common septic system which serves Lots 1 through 7, Block 3, and Lot 1, Block 4.
- Lot 1  
Block 4 - The location of the common water well which serve Lots 1 through 7, Block 3, and Lot 1, Block 4.

MAINTENANCE AGREEMENT

WITH

CITY OF FEDERAL DAM AND GOULD TOWNSHIP

The ISLE HARBOR ON LEECH OWNERS ASSOCIATION does hereby agree to maintain and, when necessary, repair the "Isle Harbor Drive" road across the bog. The length of the before mentioned road to be approximately 1.2 miles.

The length of the road at the mainland running easterly from the bog and uphill to the four-way-stop will be maintained by the "Isle Harbor on Leech Owners Association". This part of the agreement will be in effect until a property owner to the north or south subdivides part or all of their property adjacent to subject section of road. At that time, and in the future, the maintenance expense will be prorated between the benefitting parties.

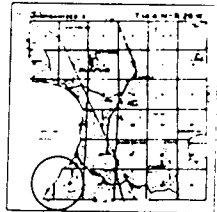
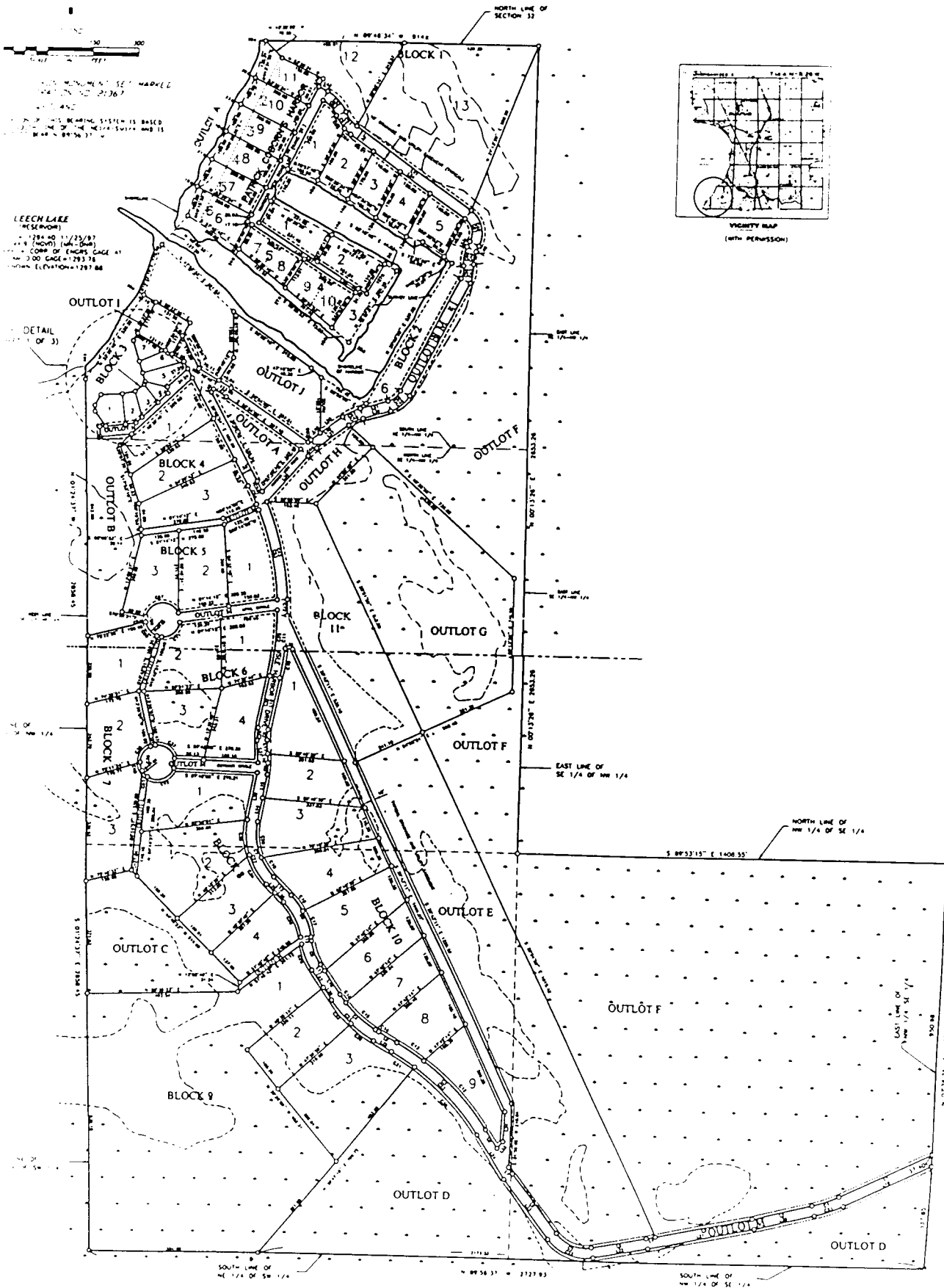


DYNAMICS DESIGN & LAND CO., LLC  
Owner/Developer

EXHIBIT "C"

PLAT

# ISLE HARBOR ON LEECH



ADDENDUM TO  
DECLARATION OF EASEMENTS, COVENANTS, CONDITIONS,  
RESTRICTIONS AND RESERVATIONS FOR  
ISLE HARBOR ON LEECH/SUPPLEMENTARY DECLARATION  
OF COVENANTS, CONDITIONS, AND RESTRICTIONS  
FOR ISLE HARBOR ON LEECH SECOND ADDITION

WHEREAS, Dynamics Design & Land Co., L.L.C. and Daystar Christian Ministries, Inc., (Contract Vendees and Contract Vendors respectively), and Isle Harbor on Leech Owners' Association, hereinafter referred to as Declarants, desire that certain real property located in Cass County, Minnesota, legally described and replatted as follows:

Isle Harbor on Leech Second Addition  
Lots 1 through 4 inclusive, Block 1  
Lots 1 through 8 inclusive, Block 2  
Lot 1, Block 3

WHEREAS, the foregoing Lots were formally known as Outlots I, J and H of Isle Harbor on Leech First Addition; and

WHEREAS, the replatted Lots are subject to that document on file and recorded at the Cass County Recorder's Office as Declaration of Easements, Covenants, Conditions, Restrictions and Reservations for Isle Harbor on Leech dated APRIL 15, 1999, hereinafter referred to as the Original Declaration; and

WHEREAS, Article II of Original Declaration requires that any additions or alterations to Isle Harbor on Leech First Addition be subject to that Declaration; and

NOW, THEREFORE, in consideration of all of these premises, the Declarants hereby declare that Isle Harbor on Leech Second Addition is, and shall continue to be held, transferred, sold, conveyed, and occupied subject to the conditions, restrictions, easements, charges and liens set forth in Original Declaration, which covenants, restrictions and easements shall run with the real property contained within Isle Harbor on Leech Second Addition, and be binding on all parties having any right, title or interest in said property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof subject also to the following:

Article XII

12.1 The owners of Lots 1 through 4 inclusive, Block 1; Lots 1 through 8 inclusive, Block 2 and Lot 1, Block 3 all of Isle Harbor on Leech Second Addition shall be considered as owners as defined by Article 1.1, paragraph 14 of the Original Declaration subject to all the benefits and burdens declared in said Original Declaration.

Dated:

BOARD OF DIRECTORS OF ISLE HARBOR  
ON LEECH OWNERS' ASSOCIATION

By: *Marlo Glines*  
Its Chairman of the Board and  
Director

STATE OF MINNESOTA )  
COUNTY OF Sherburne ) ss.

The foregoing instrument was acknowledged before me this  
27<sup>th</sup> day of June, 2000, by  
MARLO GLINES, the Chairman of the Board and Director  
of the Board of Directors of Isle Harbor on Leech Owners'  
Association.



*Lori K. Troseth*  
Notary Public

12.2 The Original Declaration contains a scrivener's error at page 8, Article 3.2, a. The first sentence of said paragraph should be Lot 3, Block 1 rather than Lot 1, Block 3.

12.3 Lot 1, Block 3 of Isle Harbor on Leech Second Addition (formerly known as Outlot H to Isle Harbor on Leech First Addition) will continue to serve as a commercial, parking and storage area. The purpose of replatting said Outlot H was necessitated by the Isle Harbor on Leech Owners' Association's need for erecting a building on said Lot to accomplish the original purposes of said Lot.

The foregoing Supplementary Declaration is accepted and the undersigned parties agree to be bound thereby.

Dated:

DYNAMICS, DESIGN & LAND CO., L.L.C.

By: *Lyle Chris Jensen*, a Partner

STATE OF MINNESOTA )  
COUNTY OF Sherburne ) ss.

The foregoing instrument was acknowledged before me this 23<sup>rd</sup> day of JUNE, 2000, by Lyle Chris Jensen, the Partner of Dynamics Design & Land Co., L.L.C., on behalf of the Partnership.



*Lori K. Troseth*  
Notary Public

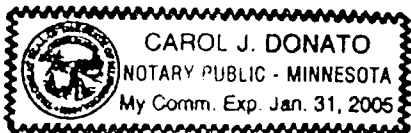
Dated:

DAYSTAR CHRISTIAN MINISTRIES, INC.

By: *Myron McKee*  
Myron McKee, Its President and Director

STATE OF MINNESOTA )  
COUNTY OF Crowley ) ss.

The foregoing instrument was acknowledged before me this 8th day of August, 2000, by Myron McKee of Daystar Christian Ministries, Inc., its President and Director.



*Carol J. Donato*  
Notary Public

DISCLOSURE STATEMENT  
FOR  
ISLE HARBOR ON LEECH

1. The name of the common interest community to which this Disclosure Statement applies is Isle Harbor on Leech which is located in Federal Dam, Cass County, Minnesota.

2. For purposes of Minnesota Chapter 515B.4-102 the name of the Declarant is Dynamics Design and Land Company, L.L.C. and its address is 555 - 3rd Street Northwest, Elk River, Minnesota 55330.

3. There are 66 potential residential units and 2 potential non-residential units in Isle Harbor on Leech. The form of a common interest community is that of a planned community as defined by Minnesota Chapter 515B.2-101(a)(3).

4. Isle Harbor on Leech is a newly platted development on the shores of Leech Lake in Federal Dam, Cass County, Minnesota. There are 66 residential units available for sale and there are 2 units which are non-residential in character and that will house a bar and supper club together with a small general store. All of the sites will be single residential dwellings subject to certain building restrictions and other regulations as controlled by an architectural control committee and the Declaration pertaining to the development. Isle Harbor on Leech will be an upscale residential subdivision with access to Leech Lake through its own private harbor. The maintenance and repair of commonly owned areas will be administered by the Isle Harbor on Leech Owners Association.

5. Isle Harbor on Leech will have a number of improvements which the Declarant is responsible for completing. The



improvements and dates of commencement and completion are as follows:

- a. Roads and Parking Areas. Commencement date: already commenced. Completion date: by end of September 1999.
- b. Beach Area. Commencement date: July 1999. Completion date: September 1999.
- c. Park Trails. Commencement date: Already commenced. Completion date: October 1999.
- d. Boat Slips. Commencement date: Already commenced. Completion date: Mid July 1999.
- e. Common Septics and Common Wells. Commencement date: Within two months of the purchase of any lot being served by said system. Completion date: May of 2002.

6. Isle Harbor has neither applied for nor received nor is it required to have any final project approvals from the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Department of Housing and Urban Development or Department of Veteran's Affairs.

7. Minnesota Statute 515B.4-101(d) mandates that any purchaser is entitled to receive a Disclosure Statement or Resale Disclosure Certificate which contain important information regarding the common interest community of Isle Harbor on Leech and the purchaser's cancellation rights. Those rights are as follows:

- a. Within 15 days after the receipt of a Disclosure Statement, a purchaser may cancel any contract for the purchase of a unit from a Declarant; provided, that the right to cancel terminates upon the purchaser's voluntary acceptance of a conveyance of the unit from the Declarant.
- b. If a purchaser receives a Disclosure Statement more than 15 days before signing a purchase agreement, the purchaser can not cancel the purchase agreement.

- c. If a Declarant obligated to deliver a Disclosure Statement fails to deliver a Disclosure Statement which substantially complies with Minnesota Chapter 515B to a purchaser to whom a unit is conveyed, the Declarant shall be liable to the purchaser as provided in Minnesota Statute 515B.4-106(d).

8. To the best of Declarant's knowledge after conducting a reasonable inquiry, there exist no unsatisfied judgments or lawsuits to which the Association is a party and there are none pending.

9. Any earnest money paid by a purchaser in connection with a purchase of a unit will be held in an escrow account until closing, or until the termination of the purchase agreement, and will be returned to the purchaser if the purchaser cancels the contract pursuant to Minnesota Statute 515B.4-106. Declarant does not maintain its own escrow agent or account and all purchases shall be through a licensed realty company lawfully entitled to be an escrow agent or a licensed title insurance company or an attorney representing either the Declarant or the purchaser.

10. Certain insurance coverage is provided for the benefit of all unit owners regarding the common areas of Isle Harbor on Leech. The insurance coverage is fully described in the Declaration of Isle Harbor on Leech.

11. The Declarant at its own expense is completing all of the improvements as stated above. Because it is anticipated that all improvements will be made before any purchaser resides in Isle Harbor on Leech, no special arrangements have been made to fund those improvements.

12. All real estate taxes and assessments for the real property at Isle Harbor on Leech have been paid through May 1, 1999.

13. At the time of making this Disclosure, the Association had a zero balance on its balance sheet. The budget for the Association for the calendar year 1999 includes the approximate following amounts:

- a. \$2,500.00 for snow plowing.
- b. \$1,920.00 for mowing.
- c. \$4,800.00 for caretaker rent.
- d. \$12,800.00 for caretaker salary.
- e. \$5,000.00 for insurance coverage for common areas and miscellaneous.
- f. Total \$27,020.00 for the annual budget.

Based upon the foregoing, Declarant projects the monthly common expense assessment for each lot to be \$35.00 per month for the calendar year 1999. The person responsible for the preparation of the Association is Lyle Christensen, C.O. Dynamics Design and Land Company, 555 - 3rd Street Northwest, Elk River, Minnesota 55330.

IT-282

ARTICLES OF INCORPORATION  
OF  
ISLE HARBOR ON LEECH OWNERS ASSOCIATION

The undersigned incorporator, who is a natural person of more than 18 years of age, in order to form a corporate entity under the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Chapter 317A, adopts the following Articles of Incorporation.

ARTICLE I.

The name of this corporation is Isle Harbor on Leech Owners Association. M

ARTICLE II.

The purpose of this not for profit corporation shall be to manage the common elements in a common interest community.

ARTICLE III.

This corporation shall not afford pecuniary gain, incidentally or otherwise, to its officers, directors, shareholders, or members.

ARTICLE IV.

The existence of this corporation shall be perpetual.

ARTICLE V.

The registered office of this corporation is located at:

555 - 3rd Street NW, Elk River, Minnesota 55330.

The registered agent at that address is:

Dynamics Design & Land Company, LLC

ARTICLE VI.

The name and address of the incorporator is:

Richard D. Clough  
1950 - 581st Ave.  
Big Lake, MN 55309

ARTICLE VII.

The corporation is organized under and subject to Minnesota Statutes, Chapter 317A.

ARTICLE VIII.

The business and affairs of this corporation shall be managed by or under the direction of a Board of Directors.

ARTICLE IX.

The first Board of Directors of the corporation shall consist of Marlon Glines, Lyle Christensen and Richard Schroeder.

The first directors shall serve until the election and qualification of their successors.

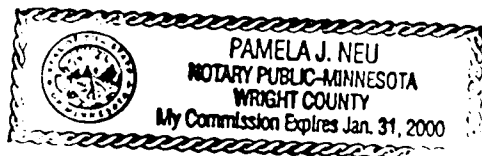
IN WITNESS WHEREOF, I have set my hand hereunto this 15 day of April, 1999.

*[Handwritten signature]*

STATE OF MINNESOTA )  
COUNTY OF Wright ) ss.

On this 15 day of April, 1999, before me, a Notary Public within and for said County, personally appeared RICHARD D. CLOUGH, to me known to be the person described in the foregoing instrument, and whose name is subscribed thereto, who acknowledged that he executed the same freely and voluntarily, and for the uses and purposes therein expressed, and that the same was his free act and deed, and he is a natural person of full age.

*Pamela J. Neu*  
Notary Public



STATE OF MINNESOTA  
DEPARTMENT OF STATE  
FILED

APR 19 1999

*Mary Killeney*  
Secretary of State *m*

5509

State of Minnesota

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# SECRETARY OF STATE

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CERTIFICATE OF INCORPORATION

I, Mary Kiffmeyer, Secretary of State of Minnesota, do certify that: Articles of Incorporation, duly signed and acknowledged under oath, have been filed on this date in the Office of the Secretary of State, for the incorporation of the following corporation, under and in accordance with the provisions of the chapter of Minnesota Statutes listed below.

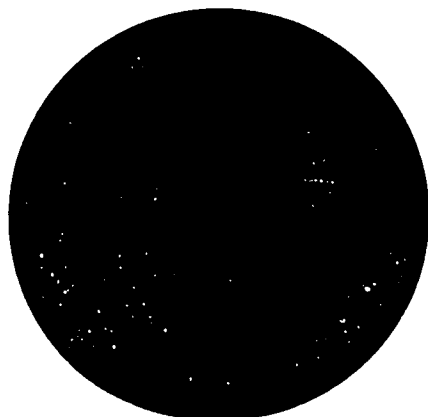
This corporation is now legally organized under the laws of Minnesota.

Corporate Name: Isle Harbor on Leech Owners Association

Corporate Charter Number: 1T-282

Chapter Formed Under: 317A

This certificate has been issued on 04/19/1999.



*Mary Kiffmeyer*  
Secretary of State.

BYLAWS OF  
ISLE HARBOR ON LEECH OWNERS ASSOCIATION

BOARD OF DIRECTORS

Section 1.1. General Powers. The business and affairs of the Association are managed by or under the direction of a board of directors.

Section 1.2. Number. The board of directors consists of at least three directors or such other number as the board may hence forth direct.

Section 1.3. Qualifications. Directors must be natural persons and be an owner as defined by Article I, 1.1, 14 of the Declaration.

Section 1.4. Election. Directors are elected by the members at a regular or special meeting of the members.

Section 1.5. Term. A director holds office of the term for which the director was elected and until a successor is elected and has qualified, or until the director's earlier death, resignation, removal, or disqualification.

Section 1.6. Resignation. A director may resign at any time by giving written notice to the Association. The resignation is effective without acceptance when it is given to the Association, unless the notice specifies a later time.

Section 1.7. Removal. Any one or all of the directors may be removed at any time, with or without cause, by the affirmative vote of the holders of a majority of the voting power of the Association. This provisions does not limit or restrict removal by any other means permitted by law.

Section 1.8. Vacancies. Vacancies on the board of directors resulting from the death, resignation, removal, or disqualification of a director may be filled by the affirmative vote of a majority of the remaining directors, even though less than a quorum.

Section 1.9. Chairperson of the Board. The directors may elect one of their number to be chairperson of the board. The chairperson is subject to the control of the board, may be removed by the board, and must perform the duties that are assigned by the board.

Section 1.10. Board Meetings. As soon as practical after each regular meeting of the Association, the board will meet for the purposes of organizing the board and transacting other business. The meeting will be held at the place where the Association's meeting is held or at the place where regular meetings of the board are held.

Regular meetings of the board will be held on the day or date and at the time and place that may from time to time be fixed by a resolution adopted by a majority of the directors. If the board fails to provide for regular meetings, regular meetings will be held on May 1 of each year. If the board fails to select a place for a regular meeting, it will be held at the Association's principal executive office.

Special meetings of the board will be held on the day or date and at the time and place specified in the notice or waiver of notice of the meeting. If the notice of a special meeting fails to state the place for the meeting, it will be held at the Association's principal executive office.



Section 1.11. Order of Business. The order of business at each meeting of the board of directors following a regular meeting of the shareholders and, as far as possible, at other meetings of the board of directors is (1) calling of the roll; (2) proof of due notice of meeting, or waiver of notice; (3) reading and disposal of any unapproved minutes; (4) reports of all officers and committees; (5) election of officers; (6) unfinished business; (7) new business; (8) adjournment. All meetings of the board of directors are conducted according to Roberts Rules of Order, Newly Revised.

Section 1.12. Call; Notice. A director may call a special meeting of the board of directors by giving five (5) days notice of the meeting to all other directors. Notice of a regular or special meeting of the board may be given by mail, telegraph, or telephone or in person. A notice must specify the day or date, time, and place of the meeting. It need not specify the purpose of the meeting. If the day or date, time, and place of a meeting have been specified in a resolution adopted by the board or have been announced at a previous meeting of the board, no notice is required.

A director may waive notice of a meeting of the board. A waiver of notice is effective whether given before, at, or after the meeting and whether given in writing, orally, or by attendance.

Section 1.13. Absent Directors. A director may give advance written consent or opposition to a proposal to be acted on at a meeting of the board. If the director is not present at the meeting, consent or opposition to a proposal does not

constitute presence at the meeting for purposes of constituting a quorum. Consent or opposition is counted as a vote in favor of or against the proposal if the proposal acted on at the meeting is substantially the same or has substantially the same effect as the proposal to which the director has consented or objected.

Section 1.14. Quorum. A majority of the directors currently holding office present at a meeting of the board shall be a quorum for the transaction of business at that meeting.

Section 1.15. Action of the Board. The board of directors takes action by the affirmative vote of a majority of the directors present at a duly held meeting of the board.

Section 1.16. Action without Meeting. Any action required or permitted to be taken at a meeting of the board may be taken by written action signed by all directors. An action that need not be approved by the shareholders may be taken by written action signed by the number of directors that would be required to take the same action at a meeting at which all the directors were present. Written action is effective when it has been signed by the required number of directors, unless the written action provides a different effective time.

When written action is permitted to be taken by fewer than all of the directors, all directors must be notified immediately of the text and the effective date of the written action.

Section 1.17. Committees. The board of directors may establish committees having the authority of the board in the management of the business and affairs of the corporation. Committee members must be natural persons. A majority of the

members of a committee present at a meeting of the committee shall be a quorum for the transaction of business.

Section 1.10 to 1.16 of these bylaws apply to committees and members of committees to the same extent as they apply to the board and the directors.

IN WITNESS WHEREOF, the undersigned members of the board of directors of Isle Harbor on Leech Owners Association have signed these Bylaws at 555 3RD ST. N.W. ELK RIVER, Minnesota, on

May 20<sup>th</sup>, 1999.

*Pity White*

*Marion Jones*

*Lyle Christensen*