

PROJECT SUMMARY
LAKEVIEW

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EXHIBITS

- A Declaration of Covenants, Conditions, Restrictions, and Easements of Lakeview recorded in the office of the Registrar of Titles in and for Hennepin County, Minnesota (the “Registrar”), as Document No. T05284390
- B First Amendment to Declaration of Covenants, Conditions, Restrictions, and Easements of Lakeview recorded in the Registrar’s office as Document No. T5326033
- C Bylaws of Lakeview Owners Association (the “Association”)
- D Certificate of Incorporation/Articles of Incorporation of the Association
- E Rules and Regulations of the Association
- F Projected Initial Annual Budget of the Association
- G Conservation Easement Agreement recorded in the Registrar’s office as Document No. T05306941.
- H Declaration between Source Land Development, Inc. and Minnehaha Creek Watershed District recorded in the Registrar’s office on July 15, 2015, as Document No. T05272318, and the First Amendment to said Declaration between Source Land Development, Inc. and Minnehaha Creek Watershed District recorded in the Registrar’s office on May 4, 2016, as Document No. T05344644.

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General Information

Lakeview is a single family residential community located in Orono, Minnesota. The name and address of the developer of Lakeview are Source Land Development, Inc. (the “Developer”), 18214 45th Avenue North, Unit D, Plymouth, Minnesota 55446. Lakeview consists of 46 lots (each a “Unit”), each of which is intended to contain a Dwelling.

Description of the Homeowners Association and Provided Services

Lakeview will be governed by Lakeview Owners Association (the “Association”), which has been formed as a Minnesota nonprofit corporation. The members of the Association are the record owners of the Units (“Owner” or “Owners”). The primary legal document which establishes and governs Lakeview is the Declaration of Covenants, Conditions, Restrictions, and Easements of Lakeview (the “Declaration”), which is recorded in the office of the Registrar of Titles in and for Hennepin County, Minnesota (the “Registrar”), against all of the property that is part of Lakeview. The Declaration has been amended by the First Amendment to Declaration of Covenants, Conditions, Restrictions, and Easements of Lakeview (the “Amendment”) recorded against all of said property. The Declaration contains a variety of covenants, obligations, and restrictions which are designed to assure the proper maintenance of the property within Lakeview and the efficient operation of Lakeview. A copy of the Declaration, a copy of the Amendment, and copies of the Bylaws, Certificate of Incorporation/Articles of Incorporation, and Rules and Regulations (the “Rules”) of the Association are attached to this Project Summary as Exhibits A, B, C, D, and E, respectively. Lakeview is not subject to Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act (the “Act”), by reason of the exemption contained in Section 515B.1-102(e)(2) of the Act. Lakeview also contains common elements (the “Common Elements”) which is real property owned by the Association for the general benefit of the Owners.

Unless defined in this Project Summary, the terms used in this Project Summary have the meaning assigned to them in the Declaration.

The following are some additional facts concerning the structure and operation of Lakeview and the Association:

1. Each Owner will automatically be a member of the Association when the Owner acquires a Unit. Each Unit is allocated one vote in the affairs of the Association and an equal share of the expenses incurred by or on behalf of the Association incident to its operation, subject to certain exceptions as described in Section 6 (and possibly other portions) of the Declaration.
2. The Units are legally described in Exhibit A to the Declaration. Lakeview also contains real property known as Common Elements (the “Common Elements”), which are legally described in Exhibit B to the Declaration and which are or will be owned by the

Association for the benefit of the Owners. The Units and the Common Elements are collectively referred to in the Declaration and in this Project Summary as the “Property,” and are within the plat of LAKEVIEW OF ORONO, Hennepin County, Minnesota (the “Plat”).

3. The affairs of the Association are administered by its Board of Directors (the “Board”). The first Board will be appointed by the Developer and will serve until the voluntary surrender of control of the Board by the Developer or until the later to occur of the following: (i) the date when the Developer no longer owns a Unit for sale or (ii) the date when each Builder no longer owns a Unit for initial sale by each Builder. Thereafter, the directors of the Association will be elected by the Owners in accordance with the Bylaws. The officers of the Association will be elected annually by the Board. The officers are the President, Vice President, Treasurer, and Secretary.
4. The Association, acting through the Board, has the power to levy assessments against the Units to fund the Association’s operating expenses and reserves. The annual assessments (commonly known as “dues”) and special assessments will be allocated equally among the Units as provided in the Declaration, with some exceptions or allowances as provided in the Declaration. The Board has authority to increase or decrease the assessments, at its discretion. The initial annual assessment for the Association has been or will be established based upon the Association’s projected annual budget prepared for the Developer. A copy of the initial proposed annual budget is attached to this Project Summary as Exhibit F. Until the first assessment is levied by the Board, the Developer will pay all of the Association’s operating costs. The Board will levy the first assessment once there are a sufficient number of Dwellings within Lakeview constructed and occupied, in the Board’s judgment, to justify the levy, and the Board will provide the Owners 30 days’ notice prior to levying the first assessment. Once levied, assessments are payable directly to the Association at intervals prescribed by the Board or the Declaration.
5. 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 Declaration, (ii) maintaining, repairing, and replacing the Common Elements, including without limitation, the landscaping, the monuments (if any), and the private streets located thereon, (iii) maintaining the “Preservation Area” within the Property (the Preservation Area is legally described in Exhibit C to the Declaration and is governed by and discussed in Section 7 of the Declaration), but with certain exceptions such as (for example, but not as a limitation) the Owners’ obligations to maintain, repair, and replace the Sewage Treatment Systems described below and in the Declaration, and (v) preserving the architectural character of the Property. Please refer to Section 10 of the Declaration for a more detailed description of the maintenance, repair, and replacement services to be performed by the Association. The Owners will be responsible for the maintenance, repair, and replacement of their respective Dwellings and Units, except as otherwise provided in the Declaration.

Association Budget

The projected initial annual budget of the Association for the first year of operation is attached to this Project Summary as Exhibit F. The budget contains line items attributable to each category of expense which it is anticipated to be incurred by the Association. The budget was prepared based upon estimates as to future expenses; however, it is difficult to anticipate future increases in certain budget items such operations, maintenance, insurance, and utilities. Accordingly, there are no guarantees as to the future costs and possible budget increases. The Board is authorized to change the budget for future years, as needed to accommodate cost adjustments and anticipated necessary reserves.

Architectural Guidelines

Section 9 of the Declaration contains provisions establishing architectural standards and procedures for the approval of improvements to the Units. These standard and procedures will be administered by the Board or a committee appointed by the Board. Following the initial construction of the Dwellings, subsequent exterior changes to the Dwellings or the Units will be subject to review and approval by the Board or a committee appointed by it as provided in the Declaration. Reference should be made to Section 9 of the Declaration for the procedures and requirements relating to these architectural guidelines. The architectural guideline may be changed from time to time. These changes may affect, among other matters, homesite sizes, number of Dwellings being built, size and style of Dwellings being built, features of and materials used in the construction of Dwellings being built, Dwelling prices, project, street or amenity layout and any other items or uses which are currently planned for Lakeview. No representations or warranties are made that Lakeview will be built exactly as originally planned.

Insurance Coverage

The Association will carry public liability insurance in the minimum amount of \$1,000,000 per occurrence, covering death, bodily injury, and property damage occurring on the Common Elements or arising out of the Association's activities. The Association will also carry property insurance covering risks of physical loss to insurable improvements (if any) located on the Common Elements, and insurance against dishonest acts on the part of officers, directors, managers, and other persons who are responsible for the handling of funds belonging to or administered by the Association. The Association may carry other insurance if required by the Declaration or by law, including directors' and officers' liability insurance. The amounts of insurance coverage and the deductible amounts are determined by the Board.

The Association's insurance policies do not cover the Owners' Dwellings or Units, the Owners' personal property, or the Owners' personal liability for accidents or damages occurring in their Dwellings or elsewhere on or within their Units. Homeowners are strongly advised to consult a qualified insurance agent and obtain their own liability insurance coverage, personal property coverage, and property/casualty coverage on their Dwellings and their Units. It is recommended that prospective Unit purchasers review Section 11 of the Declaration, which details the insurance policies and coverages carried by the Association.

Construction Procedure

The Dwellings within Lakeview must be constructed by the Developer or by builders who are preapproved by the Developer (if any). As a condition to approval by the Developer, each builder is required to agree to comply with job site rules and to adhere to the architectural requirements of Lakeview, among other matters. All warranties and other construction obligations with respect to the Dwellings and other Unit improvements are exclusively between the Unit purchaser(s) and the Developer or the applicable builder. The identity of the builders approved by the Developer (if any) may change from time to time without notice.

Construction Schedule

Lakeview will continue to be developed as Units are sold and Dwellings are completed. As a result, construction activities will continue to occur on and within the Property during this development process. However, no representation, warranty, or assurance is made regarding the timing of the development of Dwellings and Units within Lakeview. Units within the Property may remain undeveloped at the discretion of the Developer and it is understood that no representations, estimates, or projections have been conveyed regarding the final build out time or sales of any Dwellings or Units.

Recreation Property / Conservation Easement Agreement

The Recreation Property, which is legally described on Exhibit E to the Declaration (Oulot I, LAKEVIEW OF ORONO, Hennepin County, Minnesota), is part of the Common Elements. The Recreation Property is subject to a Conservation Easement Agreement attached to this Project Summary as Exhibit G and which is recorded in the Registrar's office against the Recreation Property (the "Conservation Easement Agreement"). Pursuant to the Conservation Easement Agreement, the public is granted easements on and over the Recreation Property to use the Recreation Property for certain limited recreational purposes (including, but not limited to, using the trails constructed or to be constructed within the Recreation Property).

Preservation Area

The Preservation Area, which is legally described on Exhibit C to the Declaration and which is depicted on Exhibit D to the Declaration, includes portions of the Units and other portions of the Property. Use, control, maintenance, and operation of the Preservation Area are mainly governed by Section 7 of the Declaration. As more fully set out in Section 7 of the Declaration, the following provisions, among others set out in that Section, shall apply to the Preservation Area:

1. The Preservation Area shall not be used, altered, replaced, modified, or otherwise changed by the Owners, except as expressly set forth in the Declaration (which exceptions shall include, but not be limited to, the use of the Preservation Area by the Owners, and the maintenance, repair, and replacement of the Sewage Treatment System by the Owners, all as set forth in Section 7.5 of the Declaration). The Sewage Treatment System is the private sewage treatment system (otherwise known as a septic system) serving a Unit and which includes, without limitation, a holding tank, a drain field, meters, a lift station, piping, pumps, and all other

related apparatus and related improvements. Without limiting the foregoing, the Preservation Area shall not be used for composting, and no soil, turf, lawn clippings, leaf litter, garden clippings, refuse plant matter, or other material, trash, waste, or refuse shall be dumped or placed within the Preservation Area. No trees or other vegetation shall be harvested, removed, poisoned, cut, pruned, divided, or burned within the Preservation Area, except by the Association or its agents or contractors.

2. No structures (whether manmade or otherwise) including, without limitation, storage sheds, patios, concrete walkways, and gardens, shall be installed or constructed within the Preservation Area, except for manmade structures that are installed by the Developer or by the Association, or that the Developer or the Association deems necessary to discharge its obligations under the Governing Documents.

3. The portion of the Preservation Area that is located within a Unit is restricted for use by the Owners and Occupants of that Unit and their guests, as set forth in the Declaration and set forth in restrictions established by the Association from time to time. Use of the Preservation Area is limited by any additional restrictions established by the City at any time. Notwithstanding the foregoing, an Owner has the authority and obligation to maintain, repair, and replace all portions of the Sewage Treatment System located within and serving that Owner's Unit and at the Owner's sole expense, which authority shall be limited by written policies or procedures (whether set out in the Rules or otherwise) that may be established from time to time by the Association or the City.

Declaration between the Developer and Minnehaha Creek Watershed District

The Declaration between the Developer and Minnehaha Creek Watershed District ("MCWD") recorded in the Registrar's office on July 15, 2015, as Document No. T05272318 (and which is attached to this Project Summary as Exhibit H), sets out certain conditions and restrictions imposed by the MCWD as a condition to issuance by the MCWD to the Developer of Permit #14-518, all for the mutual benefit of the MCWD and the owners (at any given time) of the Property. That Declaration (which is amended by the First Amendment to that Declaration and recorded in the Registrar's office on May 4, 2016, as Document No. T05344644) restricts and controls the cultivation, cropping, pasturing, mowing, fertilization, and all other disturbance, of and within certain wetland and wetland buffer areas described in that Declaration, all to maintain or improve wetland buffer quality.

Other Easements

The Property is or will be subject to all other easements, covenants, and restrictions set forth in all other easements and documents described on the Plat, described in the Declaration, and that are recorded against any portion of the Property (including the Units and/or the Common Elements). Copies of these other recorded easements are available from the Developer upon request.

Developer Rights

Section 16 of the Declaration details certain rights reserved for the Developer in connection with the development of the Property, including, without limitation, the right (i) to complete improvements, (ii) to relocate boundaries between Units owned by the Developer and to otherwise alter such Units, (iii) to construct and maintain sales offices and model dwellings, (iv) to erect and maintain signs and other sales displays offering the Units for sale or lease, (v) to have and use easements, for the Developer, its employees, contractors, representatives, agents, prospective purchasers, and Builders approved by the Developer, through, on, and over the Common Elements and the yard areas of the Units for the purpose of exercising its Developer rights, (vi) to consent to amendments to the Governing Documents and the Rules, and (vii) to control the operation and administration of the Association, including without limitation the power to appoint and remove the members of the Board for a certain period of time.. Reference should be made to Section 16 of the Declaration for additional detail on these Developer rights.

Location and Adjoining Land Use

No representations or warranties are made by the Developer or the Association concerning the current or future zoning or land use of or in the areas located outside of and in the vicinity of the Property. Furthermore, no representation, warranty, or assurance is made by the Developer or the Association regarding the current or future development of the Units and Dwellings in and around the Property.

Minor Changes to Documents; Priority of Documents

The Developer retains the right to make certain changes to the Governing Documents in order to comply with the requirements of the Registrar and other governmental agencies. In the event of any discrepancy between the Governing Documents and the Rules and this Project Summary or the exhibits to this Project Summary, the language of the Governing Documents and the Rules shall control.

Additional Documents Containing Easements, Conditions, Restrictions, and/or Covenants

The Property, and each Owner and Occupant of each Unit, are and shall be subject to all easements, conditions, restrictions, covenants, and provisions that are set forth the following documents (copies of which are available from the Developer upon request) (in addition to being subject to the Exhibits to this Project Summary and all other documents referenced in this Project Summary and in the Declaration):

1. Highway Easement recorded in the Registrar's office on June 6, 1957, as Document No. 531256.
2. Highway Easement recorded in the Registrar's office on June 20, 1957, as Document No. 532323.
3. Hennepin County State Aid Highway Number 19, Plat 50, recorded in the Registrar's office on October 6, 1982, as Document No. 1484182.

4. City of Orono Resolution No. 2515 recorded in the Registrar's office on December 5, 1988, as Document No. 1979103.
5. City of Orono Resolution No. 2708 recorded in the Registrar's office on December 8, 1989, as Document No. 2059155.
6. City of Orono Resolution No. 3592 recorded in the Registrar's office on October 12, 1995, as Document No. 2643495.
7. Declaration of Easements recorded in the Registrar's office on November 6, 1996, as Document No. 2758648.
8. City of Orono Resolution No. 3754 recorded in the Registrar's office on November 6, 1996, as Document No. 2758990.
9. City of Orono Resolution No. 4045 recorded in the Registrar's office on November 16, 1998, as Document No. 3085736.
10. Closing Agreement recorded in the Registrar's office on April 9, 2014, as Document No. 5163047.
11. Right of way for North Arm Drive (formerly County Road No. 43) as shown on the half-section map containing the Property, and as laid out and traveled.
12. Rights of the United States, the State of Minnesota, Hennepin County, Minnesota, the City, and/or the public in and to that part of the Property which may be within any or all wetlands.
13. Declaration of Restrictive Covenant for Protection of Sewage Treatment Sites and/or Drain Field Sites recorded in the Registrar's office as Document No. T05284393.
14. Grant of Permanent Flowage and Conservation Easement and Restrictive Covenant for Wetlands recorded in the Registrar's office as Document No. T05284392.
15. Declaration of Covenants, Conditions, Restrictions and Private Roadway Easement/Maintenance recorded in the Registrar's office as Document No T05284391.
16. City of Orono Resolution No. 6517 (File No. 15-3723) recorded in the Registrar's office as Document No. T05284386.
17. Development Contract and Planned Residential Development Agreement among the City of Orono, the Developer, and Source Land Capital, LLC, recorded in the Registrar's office on August 25, 2015, as Document No. T5284387.

Exhibits

The following Exhibits are included with this Project Summary:

- A Declaration of Covenants, Conditions, Restrictions, and Easements of Lakeview
- B First Amendment to Declaration of Covenants, Conditions, Restrictions, and Easements of Lakeview
- C Bylaws of Lakeview Owners Association (the “Association”)
- D Certificate of Incorporation/Articles of Incorporation of the Association
- E Rules and Regulations of the Association
- F Projected Initial Annual Budget of the Association
- G Conservation Easement Agreement recorded in the Registrar’s office on November 19, 2015, as Document No. T05306941.
- H Declaration between the Developer and Minnehaha Creek Watershed District recorded in the Registrar’s office on July 15, 2015, as Document No. T05272318, and the First Amendment to said Declaration between the Developer and Minnehaha Creek Watershed District recorded in the Registrar’s office on May 4, 2016, as Document No. T05344644.