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COMMON INTEREST COMMUNITY NUMBER 8
A COOPERATIVE
HICKORY LAKE CAMPGROUND COOPERATIVE
AITKIN COUNTY, MINNESOTA

DECLARATION

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**COMMON INTEREST COMMUNITY NUMBER 8
A COOPERATIVE**

HICKORY LAKE CAMPGROUND COOPERATIVE

DECLARATION

THIS DECLARATION, made as of this 13th day of October, 2006, by Big K Resort, LLC, a Minnesota limited liability company ("*Declarant*"), pursuant to the provisions of Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act (the "*Act*"), for the purpose of creating Hickory Lake Campground Cooperative.

RECITALS

A. Declarant is the owner in fee simple of the real property, buildings, structures improvements and other permanent fixtures located thereon situated in the County of Aitkin, State of Minnesota, legally described on Exhibit A attached hereto and incorporated herein by reference (the "*Property*").

The Common Interest Community includes shoreland as defined in Minnesota Statutes Section 103F.205. The Common Interest Community may be subject to county, township or municipal ordinances or rules affecting the development and use of the shoreland area.

B. Declarant has operated the Property as an RV campground resort on Hickory Lake and Declarant deems it desirable for the preservation of the value of the Property to submit the same, including the buildings, structures, improvements and other permanent fixtures located thereon or to be located thereon to the provisions of the Act, and to incorporate under Chapter 308A of the laws of the State of Minnesota Hickory Lake Campground Cooperative Association, a Minnesota Cooperative (the "*Association*"), for the purpose of owning and administering the Property. The Property is not subject to a master association and is not subject to any ordinance governing "conversion property" as defined in the Act.

C. Declarant desires to preserve and maintain the use, character and value of the Property as an RV campground resort.

D. Declarant is about to sell, dispose of and convey the Property to the Association, which shall enter into proprietary leases for the sale, transfer, acquisition and assignment of interests in and to Units upon the Property and any and all rights and privileges belonging to or in any way pertaining thereto, and to accomplish this purpose desires to submit the Property to the requirements of the Act.

E. Declarant desires and intends that the members, owners, mortgagees, lien holders, occupants, and other persons hereafter acquiring a proprietary lease or other interest in the Property shall at all times enjoy the rights, easements, privileges, and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the RV campground resort's cooperative form of ownership of the Property and are established for the purposes of enhancing the value, desirability and attractiveness of the same.

NOW, THEREFORE, Declarant, as the owner of the Property and for the purposes above set forth, hereby submits the Property to the Act as a Cooperative under the name Hickory Lake Campground Cooperative and declares as follows:

ARTICLE I.
DEFINITIONS

The following words, when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

- (a) ***“Association”*** shall mean and refer to Hickory Lake Campground Cooperative Association, a Minnesota Cooperative, its successors and assigns, which has been created and organized under Minnesota Statutes 308A and Section 515B.3-101 of the Act, and shall be operated pursuant to the provisions of Minnesota Statutes Chapter 515B, known as the Minnesota Common Interest Ownership Act for the purpose of owning and administering the Property.
- (b) ***“Board”*** shall mean and refer to the Board of Directors of the Association.
- (c) ***“Bylaws”*** shall mean and refer to the Bylaws of the Association.
- (d) ***“Common Elements”*** shall mean and refer to all portions of the Property designated on Exhibit C, attached, for the common use and enjoyment of the Lessees and such other persons to whom the Lessees may delegate this right.
- (e) ***“Common Expense”*** shall mean and refer to any expenditure made or liability incurred by or on behalf of the Association and incident to its operation, including, without limitation, allocations to reserves and those items specifically identified as Common Expenses in this Declaration or the Bylaws and as allocated on Exhibit B attached hereto and made a part hereof.
- (f) ***“Common Expense Liability”*** shall mean and refer to the liability for Common Expenses allocated to each Unit pursuant to Minnesota Statutes Section 515B.2-108.

- (g) ***“Common Interest Community”*** or ***“CIC”*** shall mean the Cooperative which obligates persons occupying Units on the Property pursuant to a Proprietary Lease, to pay for (i) real estate taxes levied against it; (ii) insurance premiums payable with respect to; (iii) maintenance of or (iv) construction, maintenance, repair or replacement of improvements located on the Property. Specifically, as the term is used herein, it means and refers to Hickory Lake Campground Cooperative, Common Interest Community Number 8, the Cooperative established by this Declaration.
- (h) ***“Cooperative”*** means the common interest community known as Hickory Lake Campground Cooperative, Common Interest Community Number 8, created by this Declaration and in which the real estate is owned by the Association, and each of whose members is entitled by virtue of the member's ownership interest in the Association to a proprietary lease.
- (i) ***“Deck”*** shall mean and refer to a platform or surface with or without attached railings and at any point extending more than three feet above ground and not to exceed 275 square feet located upon the Unit for the exclusive use of the Unit Lessee. Decks shall require a permit from Aitkin County and must be constructed in accordance with Aitkin County Ordinances and otherwise comply with the Aitkin County Ordinances should the Ordinance be more restrictive than this definition.
- (j) ***“Declarant Control Period”*** shall mean the period (i) commencing on the date of commencement of the first Proprietary Lease with a Lessee other than Declarant for the transfer, acquisition and assignment of interests in and to a Lease of a Unit upon the Property and any and all rights and privileges belonging to or in anyway appertaining thereto, and (ii) continuing until the earlier of the date three (3) years after said commencement date or the date sixty (60) days after entering into Proprietary Leases for the transfer, acquisition and assignment of seventy-five percent (75%) of the Units to Lessees other than Declarant
- (k) ***“Declaration”*** shall mean this document and all amendments and supplements hereto creating the common interest community known as Hickory Lake Campground Cooperative. For the purpose of this document, wherever ***“Declarant”*** shall be used it shall mean Big K Resort, LLC or its heirs and assigns.
- (l) ***“Dock”*** shall mean and refer to the docks and slips providing access to Hickory Lake owned by the Association.
- (m) ***“Drawing”*** shall mean the scale drawing of the Property attached hereto as Exhibit C showing the dimensions of the Units and each Unit's Unit identifier.

- (n) **“Eligible Secured Party”** shall mean any person a) holding a perfected, pledge and/or security interest in an owner/member’s stock, membership certificate, or membership interest in the Association, and/or in an owner’s interest in a unit, being that owner’s interest in the Proprietary Lease relating to such unit (hereafter collectively the Security Interest), which Security Interest is a first priority upon foreclosure to all other Security Interests that encumber such collateral or any portion thereof, and b) which has requested the Association, in a writing, which includes such person’s address and an identification of the Security Interest owned, to notify it regarding any proposed action which requires approval by Eligible Secured Parties, and of default by such owner/member.
- (o) **“Governing Documents”** shall mean and refer to this Declaration and the Articles of Incorporation and Bylaws of the Association, as amended from time to time, all of which shall govern the use and operation of the Property.
- (p) **“Limited Common Elements”** shall mean and refer to a portion of the Common Elements, fully allocated by this Declaration or by operation of Section 515B.2.102(d) or (f) of the Act, for the exclusive use and enjoyment of one or more than one Unit, but not all of the Units.

The Limited Common Elements owned or to be owned by the Association are described in Article II, Section 3 hereof.

- (q) **“Member”** shall mean and refer to any Lessee who is a member of the Association as provided in Article III, Section I, hereof and by virtue of said Member's ownership interest in the Association is entitled to occupy a Unit pursuant to a Proprietary Lease.
- (r) **“Membership”** shall mean and refer to all rights, interests and obligations of a Member in the Association and in the Cooperative including but not limited to, interest in a Unit and those rights, interests and obligations set forth in and arising from the Proprietary Lease, the Act, and the Governing Documents.
- (s) **“Membership Certificate”** shall mean a certificate issued by the Association evidencing a Member's Membership in the Association.
- (t) **“Membership Interest”** shall mean a Member's fractional share or percentage of the Association as referenced on Exhibit B attached hereto.
- (u) **“Occupant”** shall mean any person other than a Member in possession of or residing in a Unit.

- (v) **“Lessee”** shall mean and refer to a Member of the Association, whether an individual or an entity, who is a record lessee in a Proprietary Lease for a Unit on the Property known as Hickory Lake Campground Cooperative, and excludes persons or entities having an interest merely as security for the performance of an obligation.
- (w) **“Park Trailer”** shall mean and refer to a Travel Trailer which is designated to provide temporary living quarters for humans during recreation, camping or travel, is not used as a permanent residence, is 102 inches or more in width, and no larger than 400 square feet when any collapsible components or additions are fully extended. Any Travel Trailer larger than these dimensions shall be considered to be a mobile home and not permitted upon the Property. Said Park Trailer must be newer than fifteen (15) years old at the time the Owner of said Park Trailer becomes a Member, unless said Park Trailer has been previously approved in writing by the Association. The Association may inspect and compel removal of a Park Trailer that is greater than 15 years old or that appears to be damaged, a hazard, or not maintained in an acceptable manner regardless of the age of the Park Trailer. All Park Trailers must display a current license.
- (x) **“Property”** shall mean and refer to all of the real property, buildings, structures, improvements and other permanent fixtures located thereon situated in the County of Aitkin, State of Minnesota, as legally described in Exhibit A attached hereto and incorporated herein by reference.
- (y) **“Proprietary Lease”** shall mean and refer to a written lease agreement with the Association whereby a Member of the Association is entitled to exclusive use of a Unit.
- (z) **“Recreational Dwelling”** shall mean and refer to a tent, motorhome, pop-up camper, a Travel Trailer or a Park Trailer situated upon the Property designated and intended for use and occupancy by a single family. Recreational Dwelling excludes permanent residences or any other permanent or moveable structures. Recreational Dwelling also excludes mobile homes.
- (aa) **“Rent”** or **“Additional Rent”** or **“Maintenance”** shall mean the Member's proportionate share of assessments or charges due to the Member's Membership Interest and the associated Proprietary Lease.
- (bb) **“Rules and Regulations”** shall mean and refer to the written rules and regulations adopted by the Board of Directors of the Association from time to time.
- (cc) **“Slip”** shall mean and refer to the area of Hickory Lake adjacent to a Dock for the use and enjoyment of a Lessee of a Unit. Slips are available for lease from the

Association by Lessees for their exclusive use and enjoyment. Slips shall be used exclusively for the keeping of boats or other watercraft and as may be authorized by the Association. Slips shall not be used for swimming.

- (dd) ***“Travel Trailer”*** shall mean and refer to a trailer mounted on wheels which is designated to provide temporary living quarters for humans during recreation, camping or travel, is not used as a permanent residence, does not require a special highway moving permit based on its size or weight when towed by a motor vehicle, and is less than 40 feet in length (including hitches) and less than 102 inches in width. Travel Trailers placed on any Unit must be newer than fifteen (15) years old at the time the owner of said Travel Trailer becomes a Member, unless the Travel Trailer has been previously approved in writing by the Association. The Association may inspect and compel removal of a Travel Trailer that is greater than 15 years old or that appears to be damaged, a hazard, or not maintained in an acceptable manner regardless of the age of the Travel Trailer. All Travel Trailers must display a current license.
- (ee) ***“Unit”*** shall mean and refer to a physical portion of the Property, the boundaries of which are shown on the Drawing attached hereto as Exhibit C, intended for separate occupancy by the Lessee and his or her guests pursuant to a Proprietary Lease and upon which a Recreational Dwelling is situated.
- (ff) ***“Unit Lessee” or “Unit Owner”*** shall mean and refer to the Declarant or other person who has the right to use a Unit under a Proprietary Lease.

ARTICLE II.

PROPERTY SUBJECT TO THIS DECLARATION AND USE THEREOF

Section 1. IDENTITY OF REAL ESTATE AND CIC.

This Declaration establishes Common Interest Community No. 8, a Cooperative, under the name Hickory Lake Campground Cooperative, incorporated under Minnesota Statutes Chapter 308A. It is a Cooperative (and not a condominium or a planned community). The real property which is and shall be held, transferred, sold, assigned and occupied subject to this Declaration is located in the County of Aitkin, State of Minnesota, and is legally described on Exhibit A attached hereto, all of which real property and improvements shall hereinafter be referred to as the “Property”.

Section 2. UNITS.

There are Fifty Six (56) Units approved and available for use on the Property. No person may create additional Units by the subdivision or conversion of Units pursuant to Section 515B.2-112 of the Act. Each of the Lessees of the Units is responsible for the share of the common expenses of the Association specified on Exhibit B attached to this Declaration.

Each Unit constitutes a portion of the Property as shown on Exhibit C. Only one (1) Recreational Dwelling may be parked or located on a Unit at any time and all Units and Recreational Dwellings will be restricted to residential use. Unless stated otherwise in this Declaration, a Lessee shall be responsible for maintenance of Unit and the Recreational Dwelling thereon.

Improvements located within the boundaries of the Unit, such as landscaping, decks and patios, shall be considered part of the Unit.

The identifiers and locations of the Units are shown on the Drawing attached hereto as Exhibit C. The identifier for a Unit shall be its lot number and the Cooperative name. The boundaries of each Unit and approximate square footage are shown on Exhibit C.

Section 3. COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.

The Common Elements are as shown on the Drawing attached hereto as Exhibit C, and shall include, but are not limited to, a main common area building (including a store/gift shop and managers' living quarters), one facility containing restrooms, showers and laundry, a fish cleaning facility, a three stall garage used for tool and equipment storage, gathering room, volleyball area, horseshoe pit, outdoor swimming pool, pool equipment house, playground area, dumping station, overflow parking area (for extra cars, boats and boat trailers), boat launch area, docks and swimming beach. The Common Elements shall be used as designated on the Drawing and as appropriate for recreational activities, and include open space, driveways, private septic system(s), sewer lift stations, drain fields, wells, gas lines, utilities, and related activities. Maintenance, repair, replacement, management and operation of all Common Elements and the improvements located thereon, including but not limited to the septic system(s), sewer lift stations, drain fields, gas lines, utilities, etc. located thereon, except those Limited Common Elements as described below, are the responsibility of the Association and shall become a Common Expense Liability.

The Limited Common Elements are allocated for the exclusive use of one or more, but not all, of the Units and shall include, but are not limited to, water, septic system(s), drain fields, wells, gas lines, utilities, etc. serving less than all of the Units, and shall be owned by the Association and used only by the Unit Lessee(s) to which said Limited Common Elements are assigned or serve. If any wire, conduit, water or septic system line or any other fixture lies partially within and partially outside of the designated boundaries of a Unit, any portion thereof

serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements. The rights to the use and enjoyment of the Limited Common Elements allocated to a Unit are automatically conveyed to a Lessee at the time the Lessee enters into a Proprietary Lease granting the Lessee the exclusive right to occupy that Unit. Maintenance, repair and replacement of all Limited Common Elements are the responsibility of the Association.

The maintenance, replacement and/or repair of the Limited Common Elements shall be considered common expenses payable equally by all Units as the Limited Common Elements for each of the Units are equivalent.

Section 4. BOUNDARIES.

Pursuant to Section 515B2.102(a) of the Act, the boundaries of each Unit shall be the boundary lines as designated on the Drawing. All improvements and fixtures within the boundaries of a Unit are part of the Unit.

Section 5. USE OF UNITS.

Units are restricted to the placement of one (1) Recreational Dwelling, one (1) Deck and to residential use. Notwithstanding the foregoing, the Members' interests in the Cooperative shall be personal property and not characterized as real estate. The use of a Unit by a Lessee for home office or studio uses which are incidental to the residential use of the Unit, which comply with applicable zoning, and which do not invite or generate regular or frequent visitors by clients, customers, employees, co-workers or the public shall not be considered a violation of this restriction.

Section 6. PARKING.

Units shall provide parking for at least one (1) vehicle in addition to the Recreational Dwelling. Parking of any vehicles on the Common Elements (including access roads and driveways) is subject to regulation by the Association, including the right of the Association to restrict or prohibit vehicles, to tow illegally parked vehicles, or to remove unauthorized personal property from the Common Elements. Vehicles, boat trailers and other equipment shall be parked only in parking areas on the Property as approved by the Association, and vehicles and trailers shall be properly licensed and in good operating condition.

Section 7. USE OF DOCKS AND SLIPS.

The Association shall administer the leasing of the Docks and Slips on a daily, weekly or seasonal basis (May 1st through September 30th) in accordance with the following conditions and restrictions on use:

- (a) The Association shall obtain all necessary licenses for the docks and slips and shall maintain full replacement value coverage and liability insurance on the docks and slips in an amount sufficient to protect the Members of the Association from any liability.
- (b) The Association may rent any Dock and Slip to a Member or Lessee of a Unit at the rate to be established by the Association. The income from said rentals shall be used to offset any insurance, maintenance, repair and replacement of the Docks and Slips. Any excess proceeds shall be used as the Board of Directors may determine in the best interest of the Association.
- (c) The Docks and adjacent Slips shall be used exclusively for the keeping of boats or other watercraft and as authorized by the Association.
- (d) The use of a Dock and a Slip shall be deemed to be licensed by the Association exclusively to the Lessee of a Unit. The Association shall maintain records identifying the Docks and Slips, the Lessees to which the Slips are leased, and the dates and term of said leases.
- (e) Lessees shall not sublease their leased Dock and Slip to anyone. The lease for a Dock and Slip or other use right between the Association and a Lessee shall be in written form.
- (f) The use of the Docks and Slips, and the size and type of boats and other watercraft that may be kept at the Docks and in the Slips, are subject to Rules and Regulations as approved from time to time by the Board. The Association shall apply for and maintain any permits required for the Docks and Slips.

Section 8. QUIET ENJOYMENT; INTERFERENCE PROHIBITED.

All Members and their guests shall have a right to quiet enjoyment in their respective Units occupied by them. The Property shall be occupied and used in such a manner as will not cause a nuisance, nor unduly restrict, interfere with or impede the use and quiet enjoyment of the Property by other Members and their guests.

ARTICLE III.

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION,
POWERS OF THE ASSOCIATION

Section 1. MEMBERSHIP.

Except for those persons acquiring a Membership Interest from Declarant, each person or entity desiring to become a Lessee of a Unit shall apply to the Association for Membership approval. Persons applying to acquire a Membership must submit a written application to the Board of Directors on forms approved by the Board of Directors and shall be subject to the following procedures and requirements:

- (a) Applicants must submit the transfer fee in the amount then currently required by the Board of Directors;
- (b) Applicants must submit a copy of (i) the signed purchase agreement entered into with the existing Member, and (ii) the Proprietary Lease signed by the Applicant for the Unit;
- (c) Applicants must submit a commitment letter from their lender in connection with the purchase, if applicable;
- (d) Applications shall be considered and processed by the Board of Directors after reviewing the above items and the Board may consider the history of the applicant (if any) relating to convictions for offenses involving violence or moral turpitude which may pose a safety risk to other Members;
- (e) The Board shall act on the application within seven (7) business days of receipt of same by giving written notice to both the Member and the proposed transferee. The written notice shall specify the grounds for the decision and shall afford either party an opportunity for a hearing before the Board to rebut a decision to deny a Membership transfer;
- (f) Upon written approval of the application by the Board of Directors, the Board shall reflect said approval upon the books of the Association by resolution of the Board of Directors. The Association may enter into a recognition agreement with the Applicant's lender (i) recognizing the lender's security interest in the use of the Unit pursuant to the Proprietary Lease, (ii) agreeing to provide the lender with copies of any written notice to Applicant of any default under the Governing Documents, the Proprietary Lease or the Act; (iii) allowing lender to cure such default if Applicant fails to do so; and (iv) such other matters as may be agreed to by the Association and lender.

Each Lessee of a Unit which is subject to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from the Proprietary Lessee of any Unit which is subject to assessment by the Association. The foregoing is intended to exclude persons or entities holding an interest merely as security for the

performance of an obligation until such time such person acquires a lessee's interest in the Proprietary Lease for such Unit by foreclosure or by a proceeding in lieu thereof. A Proprietary Lessee of a Unit shall be the sole qualification for Membership.

Section 2. VOTING RIGHTS.

Each Unit Lessee shall have the right to one vote for each Unit upon which the Lessee has a Proprietary Lease. When more than one person holds the interest in a Unit, all such persons shall be Members, but the vote associated with such Unit shall be exercised as they among themselves shall determine, subject however to the limitation that the voting power associated with any Unit may not be split. The vote for any Unit which is leased by more than one Member may not be cast at any meeting unless such Members have filed with the Secretary of the Association prior to such meeting the name of one (1) of their number who then shall be the only person authorized to cast such vote at such meeting. In lieu of such filing prior to every meeting, such Members may file a document executed by all of them, designating one (1) of their number as the person authorized to cast their vote at all future meetings and such authorization shall continue to be valid until such authorization is rescinded in writing by a majority of such Members.

Section 3. NO SUSPENSION OF VOTING RIGHTS.

The right of any Member to vote shall not be suspended or restricted due to nonpayment of assessments or a purported violation of this Declaration, the Association Bylaws or the rules of the campground.

Section 4. POWERS OF THE ASSOCIATION.

Declarant hereby delegates to the Association, and the Association hereby is permitted to exercise all powers described in the Governing Documents, the Act and the statute under which it was incorporated.

Section 5. SUBORDINATION OF MEMBERSHIP RIGHTS.

The Lessee of a Unit and said Lessee's Membership Certificate including, without limitation, the Member's rights under the Proprietary Lease, are subject and subordinate to each security instrument encumbering the Property at any time, and to any statute, regulation or other governmental restriction to which the Property as a whole is subject to, now or in the future. Each Member agrees to execute any and all documents or agreements in furtherance of any acts of the Association as may be necessary with respect to the sale of, encumbering, transfer of, assignment of or disposition of, any portion of the Property, as long as such acts are not in conflict with the Governing Documents, the Proprietary Lease and the Act. Each Member agrees to execute any documents required by the holder of the Blanket Mortgage or other such security instruments, with respect to such subordination. Notwithstanding the foregoing, the Lessee of

a Unit may execute the aforementioned subordination documents only upon the written approval and written consent of any lien holder or lender holding a security interest in said Unit and Membership Certificate.

Section 6. MEMBERSHIP CERTIFICATES.

The Association shall issue a Membership Certificate in the form attached hereto as Exhibit D to the Lessee upon receipt of a fully executed Proprietary Lease for a specific Unit. Said Membership Certificate shall represent the Lessee's interest in the Unit.

Lost Membership Certificates may be replaced by the Association upon receipt of an acceptable affidavit from the Member explaining the alleged loss or destruction of the Membership Certificate. The Board may also require, as a condition of the issuance of a new Membership Certificate, a bond or other surety in such sum as the Board may require as indemnity against any claim that may be made against the Association with respect to the Membership or the reissuance of the Membership Certificate.

Each Membership Certificate shall bear a legend in substantially the following form:

“This Membership Certificate, and the rights and interests of its holder from time to time, are subject and subordinate to (i) the rights of the Hickory Lake Campground Cooperative Association (the “Association”) set forth in the Association's Articles of Incorporation and Bylaws, the Proprietary Lease associated with the Membership evidenced by this Membership Certificate, the Declaration of the Hickory Lake Campground Cooperative, and Minnesota Statutes Chapter 515B; and (ii) a lien in favor of the Association for all sums for which the Member is obligated to the Association. The Membership represented by this Membership Certificate shall not be transferred or assigned without the prior written approval of the Association.”

If the Membership is subject to a security interest, the Membership Certificate shall also bear the following legend:

“The Membership represented by this Membership Certificate, and all rights and interests herein, are subject to a security interest in favor of (insert name of lender). The Membership represented by this membership Certificate shall not be sold, acquired, transferred or assigned without the consent of said secured party.”

Section 7. MEMBER'S RIGHT TO A HEARING.

The Board shall, upon written request of the Member, grant to the Member a hearing as contemplated by the Act in the following situations:

- (a) The imposition of any fines, penalties or charges upon a Member or Lessee for a violation of the Act, the Governing Documents, the Proprietary Lease or the Rules and Regulations;
- (b) The suspension of a Member's or Lessee's use rights to the Common Elements, exclusive of those specifically assigned to the Unit in the Proprietary Lease; or
- (c) The failure of the Member or Lessee to pay any sums assessed against the Unit; or
- (d) The failure of the Member or Lessee to restore any portions of the Limited Common Elements damaged or altered by said Member or occupant or their guests in violation of the Governing Documents, and/or to pay the amount assessed against the responsible Member; or
- (e) The failure of the Member or Lessee to remove, abate or correct any violation or breach of the Governing Documents which materially affects or is likely to materially affect in the near future the health or safety or soundness of any Member or occupant or their guests or the safety or soundness of any part of the Property by said Member's or Lessee's failure to remove any structure, thing or condition causing said violation.

The hearing may be held before the Board or a committee of three or more disinterested Members appointed by the Board. The Member shall be given written notice of the nature of the violation and the right to a hearing, and at least ten days within which to request a hearing. The hearing shall be scheduled by the Board/committee and held within thirty days of receipt of the hearing request by the Board/committee, and with at least ten days prior written notice to the offender. If the offender fails to request, or to appear at, the hearing, then the right to a hearing shall be deemed waived and the Board/committee may take such action as it deems appropriate. Hearings shall be conducted in a fair and equitable manner. The decision of the Board/committee and the rules for the conduct hearings established by the Board shall be final and binding on all parties. The Board/committee's decision shall be delivered in writing to the Member within ten days following the hearing, if not delivered to the Member at the hearing. Any fines to be imposed by the Association may, at the Board's discretion, be retroactive to the date of the violation or offense. In the event the Member fails to cure said default and pay any fines, penalties or charges assessed within thirty (30) days of receipt of the Board/committee's decision as stated herein, the fines, penalties or charges may become a lien against the Member's Membership Certificate and Proprietary Lease for his Unit and Lessor may proceed to foreclose said lien pursuant to Article VI, Section 10 of this Declaration.

The Association's removal or alteration of any Recreational Dwelling found by the Board to be in violation of the Governing Documents may be done only pursuant to a court order or with the agreement of the Member or Lessee.

ARTICLE IV.

PROPERTY RIGHTS AND OBLIGATIONS IN THE COMMON ELEMENTS

Section 1. MEMBERS' USE AND ENJOYMENT.

Subject to the provisions of Section 2 below, each Member shall have a non-exclusive right to enter, cross, use and enjoy the Common Elements and such rights shall pass with the transfer of each Membership interest to every Unit.

Section 2. EXTENT OF MEMBERS' RIGHTS TO USE OF COMMON ELEMENTS.

The rights in favor of the Members and the Association's title to the Common Elements shall be subject to the following and as further provided herein:

- (a) The right of the Association, as provided in the Governing Documents, to borrow money for the purpose of improving, repairing and maintaining the Common Elements or any improvements thereon, and in aid thereof to mortgage or lien said properties, which rights of such mortgagee or lien holder in said properties shall be subordinate to the rights of the Members hereunder;
- (b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure;
- (c) The right of the Association, as provided in the Governing Documents, to impose a fine not to exceed Ten Dollars (\$10.00), or such other figure as the Board of Directors may from time to time establish, for each infraction of its published rules and regulations, each day during which infractions exist being deemed a separate and distinct infraction; provided, however, that the Association must give advance written notice of its intent to impose a fine and allow the Lessee at least five (5) days to cure said infraction;
- (d) The right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Board. Except for the installation of utilities pursuant to the easements created by Article X hereof, no such dedication or transfer shall be effective unless an instrument signed by all Members has been recorded agreeing to such dedication or transfer, and unless written notice of the proposed agreement and action thereunder is sent to each Member at least ninety (90) days in advance of any action taken. The consent requirements of Article XII must also be met to effect a valid dedication or transfer;

- (e) Rights, if any, of the County of Aitkin to maintain the Common Elements in the event of failure by the Association to do so;
- (f) Utility and drainage easements to install septic system, water, gas, electric and telephone lines, transformers, towers, poles, lighting fixtures, pipes, conduits, cables, wires, drainage channels and other utility facilities, including the right of access thereto for the purpose of constructing, installing, repairing, maintaining, altering and modifying any such facilities; and,
- (g) Encroachments, if any, created pursuant to Section 4 of this Article.

Section 3. DELEGATION OF USE.

Any Lessee may delegate, in accordance with the Bylaws, his or her right of enjoyment to the Common Elements and facilities to the members of his or her family or to his or her tenants who reside on the Property, subject to the limitation contained in Article IX, Section 9 regarding rental of Units.

Section 4. ENCROACHMENTS.

Notwithstanding any other provisions contained herein, in the event any patio, deck, or other appurtenance on any Unit as originally constructed, reconstructed, repaired, shifted, settled or moved, encroaches upon or overhangs upon any part of the Common Elements, then a perpetual right to such encroaching or overhanging shall exist for the continuance of such encroachment or overhang upon the Common Elements and the maintenance thereof.

Section 5. PARKING RIGHTS.

Leasing of a Unit shall entitle the Lessee to the right of ingress and egress in and to the Unit and the right to exclusive use of the Unit for such parking rights as are allowed and approved in the Rules adopted by the Board of Directors of the Association.

Section 6. ASSOCIATION'S EASEMENTS.

The Association or its agents or employees shall have the right to go upon any Unit in connection with the maintenance, repair, replacement and reconstruction of the Property, or any improvements thereon or in connection with its maintenance responsibilities set forth in Article XIII to the extent necessary to fulfill the Association's obligations under the Governing Documents.

Section 7. APPURTENANT RIGHTS.

Each Proprietary Lease of a Unit shall be the beneficiary of appurtenant rights for (i) access to a public street or highway, and (ii) use and enjoyment on or across the Common Elements, subject to any restrictions authorized by this Declaration. Each Proprietary Lease of a Unit shall be subject to and the beneficiary of appurtenant rights for (i) services and utilities serving the Property, and (ii) encroachments in connection with any repair or reconstruction of the Property.

The Common Elements shall be subject to appurtenant rights for public and private utilities, access, use and enjoyment in favor of each Proprietary Lease of a Unit, subject to the right of the Association to establish reasonable Rules and Regulations governing the use of the Property.

ARTICLE V.

SPECIAL DECLARANT RIGHTS

Section 1. RESERVATION OF RIGHTS.

The Declarant shall have and hereby reserves for its benefit the exclusive and unconditional right to:

- (a) maintain a sales office, a management office, and signs advertising the Property within the Common Elements and/or any Units leased by the Declarant, and
- (b) control the operation and administration of the Association, including without limitation the power to appoint and remove the members of the Board of Directors of the Association pursuant to Section 515B.3-103 of the Act

until the earlier of Declarant's voluntary surrender of its control, three (3) years after the date of the first Proprietary Lease with a Lessee other than Declarant, or sixty (60) days after entering into Proprietary Leases for seventy-five percent (75%) of the Units with Lessees other than Declarant. Notwithstanding the foregoing, the Members other than Declarant shall have the right to nominate and elect not less than 33 1/3% of the directors of the Association at a meeting of the Members which shall be held within 60 days after Declarant entering into Proprietary Leases for 50% of the total number of Units.

Additionally, for so long as Declarant is a Member of the Association, Declarant's written consent shall be required for any amendment to the Governing Documents which directly or indirectly affects or may affect Declarant's rights under the Governing Documents.

ARTICLE VI.

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. CREATION OF THE LIEN AND PERSONAL OBLIGATIONS OF ASSESSMENTS.

The Declarant, for each Unit leased by it on the Property, hereby covenants, and each Lessee of a Unit by acceptance of a Proprietary Lease therefor, whether or not it shall be so expressed in any such Proprietary Lease or other transfer, acquisition or assignment, is deemed to covenant and agrees to pay to the Association: (a) annual assessments or charges; (b) special assessments; (c) assessments for Common Elements and Limited Common Elements attributed to said Unit and, (d) assessments which otherwise may be charged against the Unit as described in this Article. Such assessments, together with interest, costs of collection and reasonable attorneys' fees, shall be a charge on the Unit and shall be a continuing lien upon the Proprietary Lease for the Unit against which each such assessment is made. Each such assessment, together with interest, costs of collection and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Lessee of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his or her successors in interest unless expressly assumed by them, but may continue to be a lien on the Proprietary Lease for the Unit. No Lessee may avoid the lien of, or personal liability for, such assessment by nonuse of the Common Elements or Limited Common Elements or abandonment of the Lessee's Unit. All assessments shall be fixed, established and collected in the manner provided in this Article. A lien created under this Article is prior to all other liens and encumbrances on a Proprietary Lease for a Unit except (i) liens and encumbrances recorded before the Declaration, (ii) the lien of any Eligible Secured Party, (iii) liens for real estate taxes and other governmental assessments or charges against the Unit.

Section 2. PURPOSE OF ASSESSMENTS.

The assessments levied by the Association shall cover all of the anticipated Common Expenses of the Association for that year which are to be shared by all Members and shall be used for, but not limited to, the following: (i) to promote the recreation, health, safety, and welfare of the residents in the Property, (ii) for expenditures made or liabilities incurred by or on behalf of the Association for improvements, repair and maintenance of the Common Elements, Limited Common Elements, and other areas that the Association is obligated to maintain as provided herein, (iii) for social activities, legal fees, insurance, property management services, reserves and other matters related to the Property and the Association, (iv) for hazard insurance for the Common Elements, (v) maintenance to be performed by the Association pursuant to Article XIII (vi) maintaining an adequate reserve fund for maintenance, repairs and replacement of the Common Elements and improvements thereon and other areas that must be replaced on a periodic basis, (vii) maintenance, repair and replacement of water, septic system and the utility lines and fixtures that are not the responsibility of the County of Aitkin, which

serve the Common Elements or any Unit, and (viii) maintenance of a working capital fund as hereinafter defined. Said annual assessments shall also be used for maintenance, repair and replacement of the Common Elements as set forth in Article II hereof, including snow removal from the driveways located on the Common Elements, and for maintenance and replacement of lawn, landscaping and shrubbery located on the Common Elements. The annual assessments shall be payable in regular installments.

Declarant shall establish a working capital fund to meet unforeseen expenditures, or to purchase additional equipment or services, during the Association's beginning years of operation. The Board shall include in each annual budget a reasonable amount of working capital, based upon the anticipated needs of the Association for the year in question. There shall be contributed to the Working Capital Fund, on a one-time basis, upon the transfer and assignment of each Proprietary Lease, an amount equal to three months installments of the estimated annual Assessment for the Unit or Units covered by the Proprietary Lease. The contribution shall be paid at the earlier of the time of closing of the transfer of the Proprietary Lease or the time of termination of the Declarant Control Period. The contributions to this fund are in addition to the regular installments of annual Assessments, and shall not be a credit to the regular annual installments of annual Assessments levied against the Units. The funds shall be deposited into a segregated Association account no later than the termination of the Declarant Control Period. Funds deposited in said account shall not be used to defray any of Declarant's expenses, reserve contributions or construction costs, but may be used to make up any budget deficits during the Declarant Control Period. However, upon the closing of the initial transfer of a Proprietary Lease for a Unit, Declarant may reimburse itself from funds collected from the purchaser at the closing for any prior contributions made by Declarant to the working capital fund with respect to the Unit or Units included in the Proprietary Lease.

Section 3. BASIS OF ANNUAL ASSESSMENTS.

Annual and special assessments shall be levied equally between the Units and may be collected on a monthly basis, provided, however, that assessments arising out of the negligence or nonperformance of any obligation of a Lessee shall be an additional amount to that specific Lessee alone and shall be immediately due in full from said Lessee. Assessments against fewer than all of the Units shall be set pursuant to Section 7 below. In addition, upon determination by the Board, the costs of insurance may be assessed in proportion to risk or coverage of the Unit being assessed.

Section 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS.

In addition to the annual assessments authorized by Section 3 hereof, the Association may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying, in whole in part, the cost of any construction, reconstruction, unexpected repair or replacement of a capital improvement or Common Element, including the necessary fixtures and

personal property related thereto, provided that any such assessment shall have the assent of Members holding at least seventy-five percent (75%) of the voting power of the Association and who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4.

Written notice of any meeting of the Members required for an action authorized under Sections 3 and 4 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of the entire voting power 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 quorum required at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. ANNUAL AND SPECIAL ASSESSMENTS.

Except as provided in Section 7, below, both annual and special assessments must be allocated equally between the Units. This requirement shall not apply to:

- (a) expenses for utilities and electricity which are separately metered;
- (b) reasonable attorneys' fees incurred by the Association in connection with the collection of assessments or the enforcement of the Governing Documents or the Rules against a Member, which may be assessed against the Member's Unit;
- (c) fees and charges, interest, fines and late charges for services provided to specific Units, late payments of assessments, violations of the Governing Documents or Rules, fees for preparation of Association documents, resale certificates, etc. identified with specific Units; and
- (d) willful or negligent acts as set forth in Section 9 hereof.

Section 7. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS, DUE DATES.

The annual assessments provided for herein shall commence as to all Units on January 1, 2007. Declarant agrees to be solely responsible for any and all assessments through December 31, 2006.

Annual assessments shall be paid on dates and in amounts to be established by the Board of Directors.

The due date of any special assessment under Section 4 shall be fixed by the resolution authorizing such assessment

Section 8. DUTIES OF THE BOARD OF DIRECTORS.

The Board of Directors of the Association shall fix the amount of the annual assessment, special assessment and assessment for Common Elements or Limited Common Elements against each Unit by November 1st of each year for the subsequent year and shall notify each Unit Lessee in writing of said amount at least thirty (30) days in advance of the commencement of such annual assessment, special assessment and assessment for Common Elements or Limited Common Elements to be effective January 1st of the following year.

Written notice of the annual assessment, special assessment and assessment for Common Elements or Limited Common Elements shall be sent to each Lessee subject thereto, provided, however, that the failure to send such written notice shall not render any assessment invalid.

The Board shall have the right to collect any annual assessment, special assessment or assessment for Common Elements or Limited Common Elements on a monthly basis. The Association shall, upon demand, and for a reasonable charge, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a given Unit have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. ASSESSMENT OF COST DUE TO WILLFUL OR NEGLIGENT ACTS.

If the need for maintenance or repair is due to the willful or negligent acts of a Lessee or the Lessee's family, guests, tenants or invitees, the cost of such maintenance less the net insurance proceeds received by the Association due to such act or neglect, if any, shall be assessed against such Lessee's Unit and shall be added to and become a part of the current annual assessment against that Unit and, at the option of the Board, shall be payable in full with the next monthly installment of the then current annual assessment, or divided equally over the remaining months for the then current annual assessment and payable with and in addition to the monthly installments of the then current annual assessment.

Section 10. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION.

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum.

All rights and remedies of the Board herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law. Lessee shall be in default if either of the following occur:

(a) Lessee shall fail, neglect or refuse to pay any installment of "Rent" or "Additional Rent" or "Maintenance" at the time and in the amount as herein provided, or to pay any other monies agreed by Lessee to be paid promptly when and as the same shall become due and payable under the terms hereof, and if any such default shall continue for a period of more than ten (10) days after notice thereof, in writing, given to Lessee by the Board; or

(b) Lessee shall:

(i) fail, neglect or refuse to keep and perform any of the other covenants, conditions, stipulations or agreements contained herein or in the Declaration or the Rules and Regulations and as covenanted and agreed to be kept and performed by it, and

(ii) if no hearing is requested in a timely manner, fail, neglect or refuse to cure such default within thirty (30) days after written notice thereof given to Lessee by the Board, and

(iii) if a hearing is requested, after a hearing as provided in Article III, Section 7 hereof, any fines, penalties or charges assessed remain unpaid for a period of thirty (30) days after written receipt of the Board's/committee's decision as stated therein and/or Lessee fails, neglects or refuses to cure any default confirmed by the Boards/committee's decision;

provided, however, that if the cause for giving such notice involves the making of repairs or other matters reasonably requiring a longer period of time than the period of such notice, Lessee shall be deemed to have complied with such notice so long as Lessee has commenced to comply with said notice, or has taken proper steps or proceedings, under the circumstances to prevent the seizure, destruction, alteration or other interference with said Unit by reason of noncompliance with the requirements of any law or ordinance or with the rules, regulations or directions of any governmental authority as the case may be; and proceeds to completion of the same with reasonable promptness.

The Board shall give to the Lessee written notice of said default hereunder and if said default has not been cured within thirty (30) days of the day the notice was given, the Board may proceed to foreclose its lien as follows and to terminate Lessee's Membership Interest in the Association, cancel Lessee's Membership Certificate and terminate the Proprietary Lease.

To evidence a lien for default as stated above and 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 Lessee of the Unit, and a description of the Unit, but such notice of lien shall not be enforced or foreclosed until such assessment has been wholly or partially unpaid for at least thirty (30) days from the due date and the Association has given the Lessee thirty (30) days prior written notice of default and its intent to file said lien.

The recording of this Declaration constitutes recorded notice and perfection of any lien under the Declaration and under Minnesota Statutes 515B.3-102a (10, 11 and 12) and no further recordation of any notice of or claims for any lien is required. The Association may bring (a) an action at law against the Lessee personally obligated to pay the assessments, and/or (b) foreclose its lien in accordance with the procedures set forth in Section 515B.3-116(h)(3) of the Act for the amounts owed by the Lessee. Such lien may be enforced and foreclosed by the Association in the same manner as a security interest under Article 9 of Chapter 336. Each Lessee, by acceptance of a Proprietary Lease for any unit, does further hereby give full and complete power of sale of Lessee's interest to the Association and does consent to a foreclosure of the assessment lien as if such lien were a mortgage containing a power of sale. In the event of any such foreclosure, and in the further 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. The person personally obligated to pay such lien shall also be required to pay the Association any assessments against the Unit which shall become due during the period of foreclosure. 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 Unit as the Lessee thereof. Prior to reselling the Unit after foreclosure, no assessments shall be levied against the subject Unit provided, however, that if the Association rents or leases the Unit, the Association shall once again have the right to levy assessments against said Unit. A release or satisfaction 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.

Lessee hereby agrees to reimburse the Board for any and all reasonable attorney's fees, costs and disbursements incurred by the Board in the event of default by Lessee as noted hereinabove.

Section 11. SUBORDINATION OF LIEN FOR ASSESSMENTS TO LIENS OF FIRST LIEN HOLDERS.

The lien of the assessments provided for herein shall be subordinate to the lien of any Eligible Secured Parties now or hereafter placed upon a Proprietary Lease for a Unit. Sale, transfer, acquisition or assignment of any Proprietary Lease for a Unit shall not affect the assessment lien. However, the sale, transfer, acquisition or assignment of any Proprietary Lease for a Unit pursuant to foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which become due prior to such sale, transfer, acquisition or assignment. No sale, transfer, acquisition or assignment shall release such Proprietary Lease or Unit from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessments.

All other parties acquiring liens on any Proprietary Lease for a Unit after this Declaration is recorded shall be deemed to consent that their liens shall be and remain inferior to future liens provided for herein.

The Association shall, upon written request, report to any first Lien Holder or other encumbrance holder as to a Proprietary Lease for a Unit the amount of the assessments remaining unpaid for a period longer than ninety (90) days after the same shall become due.

Section 12. EXEMPT PROPERTY.

The following property subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

- (a) All properties dedicated and accepted by the local public authority and devoted to public use; and
- (b) All Common Elements and Limited Common Elements as defined in Article I hereof.

Section 13. TIME LIMIT FOR ASSESSMENTS.

An assessment against fewer than all of the Units must be levied within three years after the event or circumstances forming the basis for the assessment, or shall be barred.

Section 14. ASSESSMENTS PAYABLE ON ALL UNITS.

Assessments shall be paid on all Units, including Units retained by Declarant and which are connected with Unsold Shares as defined in any Proprietary Leases for the Units.

ARTICLE VII.

PROPRIETARY LEASES

Section 1. RIGHT TO OCCUPY UNIT.

A Lessee and Member shall be granted the exclusive right to occupy a Unit pursuant to a Proprietary Lease in the form approved by the Board. The Proprietary Lease shall contain such terms, renewal provisions, restrictions, limitations, provisions with respect to the sale, transfer, acquisition, assignment and subletting, and other terms, conditions and covenants, as the Board may determine. Each Proprietary Lease shall be in the same general form for all Lessees and Members. Notwithstanding the above, the Association may change the form Proprietary Lease used, from time to time, as the Association deems appropriate. The Association's Articles of Incorporation, the Declaration, the Bylaws and Proprietary Lease shall incorporate each other and be read and interpreted in compliance with each other.

Section 2. ASSIGNMENT OR TRANSFER OF PROPRIETARY LEASE.

A Proprietary Lease may be assigned or transferred only in compliance with terms, conditions and provisions of the Governing Documents and the Proprietary Lease. The assignment shall not be effective unless and until (i) both the assignor and the assignee have signed the approved form of Proprietary Lease for the appropriate membership, (ii) the application for Membership has been approved by the Association, (iii) the requirements of Article III, Section I hereof have been complied with, (iv) all sums required to be paid in connection with the purchase agreement have been paid, (v) all sums required to be paid by the assignor to the Association have been paid, and (vi) all necessary consents have been obtained. A Proprietary Lease may be assigned or transferred only in conjunction with the transfer of the Membership to which the Proprietary Lease relates.

Section 3. AFFIDAVIT FOR LOST PROPRIETARY LEASE.

In the event that any Proprietary Lease is lost, stolen, destroyed or mutilated, the Board may issue a new Proprietary Lease in the same form and upon the same terms and provisions as the lost Proprietary Lease. In authorizing such issuance, the Board may, in its discretion, and as a condition precedent to the issuance thereof, require that the Member or the legal representative of the Member make an affidavit or an affirmation setting forth such facts as to the loss, destruction or mutilation as the Board deems necessary.

ARTICLE VIII.

ARCHITECTURAL CONTROL COMMITTEE

No exterior additions, decks, patios, porches, temporary structures or buildings, walls, enclosures, antenna or other types of sending or receiving apparatus, signs, displays, decorations, shrubbery, material, topographical or landscaping, or any other exterior improvements to or alterations of any part of a Unit or a Recreational Dwelling thereon, whether temporary or permanent, structural, aesthetic or otherwise shall be commenced, erected or maintained except such as are installed or approved by the Declarant in connection with the initial construction of the improvements on the Property or as already exist on the Property, until the plans and specifications showing the nature, kind, shape, height, color, materials, location and approximate cost of same shall have been submitted to and approved in writing as to harmony of the external design and location in relation to the surrounding Units by an architectural control committee composed of the Board of Directors of the Association or three (3) or more representatives appointed by the Board of Directors and, if necessary, approved by Aitkin County. In the event said Board or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, such approval shall be deemed to have been given. If no application has been made to the architectural control committee or their representatives, or if such application has been rejected, a suit to enjoin or remove such additions, alterations or changes may be instituted at any time by the

Association or any Lessee, in which suit the Association or any Lessee shall have the right to collect reasonable attorneys' fees, costs and expenses. None of the members of the structural control committee shall be entitled to any compensation for their services performed pursuant to this paragraph, but compensation may be allowed to independent professional advisors retained by such committee. During the time Declarant has the right to control the operation and administration of the Association under Article V, Section 1(c), all decisions of the architectural control committee may be vetoed by the Declarant.

No Travel Trailer or Park Trailer older than fifteen (15) years old shall be parked or placed upon a Unit unless and until it has been approved in writing by the Association. Travel Trailers may be inspected by the architectural control committee or its representatives. The committee will begin reviewing a Travel Trailer on an annual basis after the Travel Trailer is greater than fifteen (15) years old. The Association reserves the right to inspect and compel removal of a Travel Trailer that is greater than 15 years old or that appears to be damaged, a hazard, or not maintained in an acceptable manner regardless of the age of the Travel Trailer. The Lessee, Member or Occupant shall make the Travel Trailer or Park Trailer available for inspection at a mutually agreeable time by the Association or the architectural control committee or the Declarant during the Declarant Control Period. In the alternative, detailed color photos of the front, rear and sides of the Travel Trailer or Park Trailer shall be submitted to the Association or the architectural control committee or the Declarant during the Declarant Control Period. The Association or the architectural control committee or the Declarant during the Declarant Control Period may request additional information concerning the Travel Trailer or Park Trailer, which information may be used in deciding whether to approve or disapprove the Travel Trailer or Park Trailer. The Association or the architectural control committee or the Declarant during the Declarant Control Period shall give the Lessee, Member or Occupant written notice of approval or disapproval of the Travel Trailer or Park Trailer within thirty (30) days of receipt of all requested information. Failure to give written approval or disapproval within thirty (30) days shall be deemed an approval of the Travel Trailer or the Park Trailer.

The requirements set forth in this Article VIII shall not apply to the following:

- (a) Original construction by Declarant in connection with its sale of Memberships;
- (b) The installation of the following antennas on a Recreational Dwelling as permitted by applicable law: (i) one antenna one meter or less in diameter for the purpose of receiving direct broadcast/satellite service or video programming services, or (ii) any antenna for receiving television broadcast signals. However, the Board or architectural control committee appointed may require that the antenna be installed so as to minimize its visibility from the front of the Unit and otherwise camouflage its appearance unless such requirements would (i) unreasonably delay installation, (ii) unreasonably increase the cost of installation, maintenance or use of the antenna, or (iii) preclude reception of an acceptable quality signal. Such installation shall be subject to all governmental laws, codes

and ordinances, including any limit on the height of television broadcast antennas. The Board shall have the authority to impose further, reasonable requirements consistent with law. The Member or Occupant of the Unit shall perform and pay for the installation, maintenance and repair of the installation; and,

- (c) Alterations permitted by the Rules and Regulations.

The Member who causes an alteration to be made to a Unit or Recreational Dwelling thereon, regardless of whether the alteration is approved by the Board, shall be responsible for the construction work and any claims, damages, losses or liabilities arising out of the alteration. The Member, and not the Association, is responsible for determining whether any alteration is in violation of any restriction imposed by any governmental authority having jurisdiction over any portion of the Unit. The Member shall hold harmless, indemnify and defend the Association, and its officers, directors and committee members, from and against any expenses, claims, damages, losses or other liabilities, including without limitation attorneys' fees and costs of litigation, arising out of (i) any alteration which violates any governmental laws, codes, ordinances or regulations, (ii) the adequacy of the specifications or standards for construction of the alterations and (iii) the construction of the alterations to the Member's Unit.

ARTICLE IX.

USE RESTRICTIONS

Section 1. LAND USE.

No Unit shall be used except for residential purposes. The use of a Unit by a Lessee for home office or studio uses which are incidental to the residential use of the Unit, which comply with applicable zoning, and which do not invite or generate regular or frequent visitors by clients, customers, employees, co-workers or the public shall not be considered a violation of this restriction.

Section 2. NUISANCES.

No noxious or offensive activities shall be carried on in a Recreational Dwelling or on any Unit or on any Common Elements or on any Limited Common Elements, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. PETS.

No animals, reptiles, rabbits, livestock, fowl or poultry of any kind shall be raised, bred or kept in any Recreational Dwelling, Unit or on the Common Elements or Limited Common Elements, except that dogs and cats or other household pets may be kept in the Recreational Dwellings subject to rules and regulations adopted by the Board, provided that they are not kept,

bred or maintained for any commercial purpose, and provided further, that any such pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon 30 days written notice from the Board of Directors. Pets may be kept outside a Recreational Dwelling only when personally attended on a leash by a Member (or a member of a Member's family) who shall immediately pick up and properly dispose of any pet wastes. A Member shall be liable to the Association for the cost of repair of any damage to the Property or the expenses associated with any personal injury caused by any pet kept at the Unit. A Member shall provide to the Association evidence that the Member has insurance that would cover any liability due to their pets physically harming anyone on or about the property owned by the Cooperative. The evidence of insurance must be on file with the Association prior to the pets being brought to the Unit. Any injuries caused by a Member's pet are the sole responsibility of the Member.

Section 4. GARBAGE AND REFUSE DISPOSAL.

No Unit or Common Element or Limited Common Element shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be kept in sanitary containers and no exterior burning of household refuse shall be done.

Section 5. PROHIBITED STRUCTURES.

No fences shall be erected on any Unit. No permanent outdoor clotheslines shall be placed upon the Unit or temporary clotheslines allowed to remain on the Unit after sunset, unless inside the Recreational Dwelling.

Section 6. STORAGE.

Except between the months of October through April, no boats, snowmobiles, trailers, or other motorized vehicles shall be stored or parked on any Unit for a period in excess of 2 hours. Boats, snowmobiles, trailers, excess automobiles or trucks or other vehicles shall be stored or parked in the overflow parking areas or storage parking areas available as part of the Common Elements.

Section 7. SEPTIC SYSTEM FACILITIES.

The septic system disposal facilities on the Property shall be limited to the private septic systems servicing the Units. There shall be no septic system facilities available to the Unit from October 1st through April 30th of the following year unless weather permitting and approved in writing by the Board.

Section 8. TIME SHARES.

The time share form of ownership, or any comparable form of lease, occupancy rights or ownership which has the effect of dividing the ownership or occupancy of a Unit into separate time periods, is prohibited.

Section 9. RENTAL OF UNITS.

Rental of the Units (and the rights associated with the Proprietary Lease) is permitted. Any lease agreement between a Lessee and a Tenant shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Governing Documents and rules of the Association, that any failure by the Tenant to comply with the terms of the Governing Documents or the rules shall be a default under the lease, and that the Association shall have the right to enforce the terms of the Lease, the Governing Documents or the Association rules by any legal means including, if necessary, by eviction of the Tenant. A Tenant subleasing a Unit shall have the right to use all portions of the Property that the Member is otherwise entitled to use. In no event shall any vacant lot or Common Element be rented or leased by either the Association or a Lessee. The rental of the Unit as provided in this paragraph shall not constitute an assignment of the Proprietary Lease or a sublease of the Proprietary Lease.

Section 10. ZONING RESTRICTIONS.

The campground, situated on parcels 07-0-059700 and 07-0-060003, was established in the late 1960's prior to Aitkin County adopting applicable zoning ordinances. Due to existing before these ordinances, the campground received grandfathered status. As the campground existed on March 13, 2006, it is a legal, nonconforming use that may remain and continue in use. The Association shall maintain a commercial recreational camping license in compliance with Aitkin County Zoning Ordinances and Regulations.

Section 11. CONSTRUCTION OF IMPROVEMENTS.

Whenever a Lessee, Member or the Association undertakes to construct, repair, replace, maintain or improve any portion of the Property, it shall be the sole responsibility of the Lessee or party required under this Declaration to construct repair, replace, maintain or improve the Property to obtain all necessary licenses and/or permits and/or amended conditional use permits from the State of Minnesota, the State Health Department, the Minnesota Department of Natural Resources and Aitkin County, as appropriate, prior to commencing said construction, repair, replacement, maintenance or improvements to any portion of the property. The Lessee, Member and the Association also agree to comply with all governmental ordinances and regulations in connection with any construction, repair, replacement, maintenance and improvements to any portion of the Property; and the Lessee and Member further agree to comply with all rules and regulations adopted by the Board of Directors in connection with the same.

ARTICLE X.

EASEMENTS

Section 1. UTILITIES, WELLS, SEPTIC SYSTEMS, SEPTIC SYSTEM LINES AND DRAINAGE EASEMENTS.

Easements for installation and maintenance of utilities, natural gas, electricity, metering and control devices, water, wells, septic systems, septic system lines and drainage facilities are hereby created and dedicated in, over and upon the Common Elements owned by the Association. Within these easements, no structure, fence, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, wells, septic systems, septic system lines or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

Section 2. WATER AND ELECTRICITY EASEMENTS FOR COMMON ELEMENTS.

The rights of use and enjoyment by the Lessee of each Unit and the Membership interest of such Lessee in said Unit shall be subject to the rights of the Association to an easement on and over said Unit for the purpose of installing and maintaining a source of water and electricity from the Unit or from the Recreational Dwellings thereon to serve the Common Elements.

There shall be no water available to the Unit from October 1st through April 30th of the following year. Electricity shall be available to the Unit on a year-round basis.

If water or electricity taken from any Unit is used to serve the Common Elements and such water and electricity is not separately metered, the Association and the Lessee of the affected Unit shall agree on a reasonable method and amount of compensation payable therefore by the Association to the Lessee. In the event that the parties cannot agree on a reasonable method and amount of compensation, each party shall choose one arbitrator and the two (2) arbitrators shall choose a third arbitrator and the decision of the majority of all arbitrators shall be final and conclusive of the method and amount of compensation to be paid.

ARTICLE XI.

INSURANCE

Section 1. REQUIRED COVERAGE.

The Association shall obtain and maintain one or more master policies of insurance in accordance with the insurance requirements set forth in the Act and the additional requirements set forth herein, issued by one or more than one reputable insurance company authorized to do business in the state of Minnesota, as follows:

- (a) Property insurance in broad form covering all risks of physical loss in an amount equal to one hundred percent of the insurable "replacement cost" of the Property, exclusive of: (i) deductibles, (ii) land, footings, excavation and other items normally excluded from coverage (but including all building service equipment and machinery), (iii) at the Board's discretion, any or all of the items referred to in Section 515B.3-113(b)(i) through (vii) of the Act, and (iv) any improvements, vehicles, boats, trailers, campers, or any other personal property or fixtures installed, parked, or placed on the Property by a Member or other occupant. Notwithstanding the foregoing, the Association may, but is not required to, insure the improvements and fixtures on and within a Unit installed by or at the direction of a Member or Occupant. Each policy shall cover personal property owned by the Association. Each policy shall also contain "Inflation Guard" and "Agreed Amount" endorsements, if reasonable available. The Board may also, on behalf of the Association enter into binding written agreements with a mortgagee, lien holder, insurer, or servicer, obligating the Association to keep certain specified coverages or endorsements in effect.
- (b) Comprehensive public liability insurance covering the ownership, existence, use, operation and maintenance of the Property, with minimum limits of One Million Dollars per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. The policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Member or occupant because of negligent acts of the Association or other Members or occupants.
- (c) Coverage for scheduled buildings at replacement cost and blanket casualty and fire insurance for business/personal property for fire, extended coverage, vandalism, and malicious mischief, with all risk endorsement insurance in amounts to be determined by the Board.
- (d) Fidelity Bond or insurance coverage against dishonest acts on the part of directors, officers, managers, trustees, or employees of the Association, or persons responsible for handling funds belonging to or administered by the Association, if deemed to be advisable by the Board. An appropriate endorsement to the policy to cover any Persons who serve without compensation shall be added if the policy

would not otherwise cover volunteers. The fidelity bond or insurance shall name the Association as the named insured and shall be written in an amount equal to the greater of (i) the estimated maximum of Association funds, including reserves, in the custody of the Association or management agent at any given time while the bond is in force, or (ii) a sum equal to three months aggregate assessments on all Units plus reserves. An appropriate endorsement in the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers, or a waiver of defense based upon the exclusion of persons serving without compensation shall be added.

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

Section 2. PREMIUMS, IMPROVEMENTS AND DEDUCTIBLES.

All insurance premiums shall be assessed and paid as a Common Expense, or allocated among the Membership by the Board. The insurance need not cover improvements, betterments to, or fixtures on or within, the Units installed by Members; however, if such improvements, betterments, or fixtures are covered, any increased cost associated with the coverage may be assessed against the Memberships affected. The Association may, in the case of a claim for damage to a Unit, (i) pay the deductible amount as a Common Expense, (ii) assess the deductible amount against the Memberships affected in any reasonable manner, or (iii) require the Members occupying the Units affected to pay the deductible amount directly.

Section 3. LOSS PAYEE; INSURANCE TRUSTEE.

All insurance coverage maintained by the Association shall be written in the name of, and the proceeds thereof shall be payable to, the Association (or a qualified insurance trustee selected by it) as trustee for the benefit of the Members, each Secured Party, and each Blanket Mortgage Holder which suffers loss. The Association, or any insurance trustee selected by it, shall have exclusive authority to negotiate, settle and collect upon any claims or losses under any insurance policy maintained by the Association.

Section 4. REQUIRED POLICY PROVISIONS.

All policies of property insurance carried by the Association shall, to the extent reasonably available, provide that:

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

Section 5. CANCELLATION; NOTICE OF LOSS.

All policies of property insurance and comprehensive liability insurance maintained by the Association shall provide that the policies shall not be cancelled or substantially modified, for any reason, without at least thirty (30) days prior written notice to the Association, all of the insureds, and all lien holders of Units.

Section 6. RESTORATION IN LIEU OF CASH SETTLEMENT.

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

Section 7. MEMBER'S PERSONAL INSURANCE.

Each Member shall obtain and maintain full property damage, casualty and liability insurance coverage on their Recreational Dwelling and the Unit and additional personal insurance coverage (commonly known as "gap coverage" or an "HO6" policy) at his or her own expense covering (i) fire and other casualty to the improvements, betterments, and fixtures installed by or at the direction of the Member or occupant in, on, or within the Recreational Dwelling and Unit occupied by the Member, (ii) fire or other casualty to personal property of the Member and (iii) the Member's personal liability. All insurance policies maintained by Members shall provide that those policies are without contribution as against the insurance purchased by the Association, except as to deductible amounts or other items not covered under the Association's policies.

Section 8. REPLACEMENT OR REPAIR OF PROPERTY.

Any portion of the Common Elements, the Limited Common Elements, improvement on the Common Elements or Limited Common Elements, including the structural portions and fixtures thereof that has been damaged or destroyed by a loss covered by the Association's insurance shall be promptly repaired or replaced by the Association unless (i) the Cooperative is terminated; (ii) such repair or replacement would be illegal; or (iii) all Members and first lien holders affected by the damage or destruction and Members holding at least eighty (80%) percent of the remaining voting power of the Association vote not to rebuild. If less than the entire Common Elements, Limited Common Elements, improvements on the Common Elements and Limited Common Elements, including the structural portions and fixtures thereof is repaired or replaced, the insurance proceeds attributable to the damaged portion of the Property shall be used to restore the damaged area to a condition compatible with the remainder of the Property. The cost of repair or replacement of the Common Elements, Limited Common Elements, improvements on the Common Elements and Limited Common Elements, including the structural portions and fixtures thereof in excess of insurance proceeds and reserves shall be paid as a common expense.

Section 9. 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 to make any necessary repairs or replacement of the Common Elements, the Limited Common Elements, improvements on the Common Elements and Limited Common Elements, including the structural portions and fixtures thereof which may have been damaged or destroyed.

ARTICLE XII.

SPECIAL PROVISIONS REGARDING ELIGIBLE SECURED PARTIES.

Section 1. OVERRIDING PROVISION.

The provisions of this Article take precedence over any other conflicting provisions of this Declaration.

Section 2. NOTICE OF DEFAULT.

An Eligible Secured Party is entitled to and shall be given written notification from the Association of any default in the performance by the Lessee of any obligation under the Governing Documents, the Proprietary Lease or the Act on the same date notice is given to the Lessee and the Eligible Secured Party shall have the right to cure the default of the Lessor of thirty (30) days after the Lessor's right to cure has expired.

Section 3. EXEMPTION FROM RIGHT OF FIRST REFUSAL.

Any Eligible Secured Party who obtains a Membership interest to a Unit pursuant to the remedies provided in its lien, or by foreclosure of its lien, or by foreclosure or assignment in lieu of foreclosure, will be exempt from any right of first refusal contained in the Declaration or ByLaws.

Section 4. RESTRICTED ACTIVITIES.

Until the Association has received written approval from all of the Eligible Secured Parties and all Lessees, the Association shall not be entitled to:

- (a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements or the Limited Common Elements owned, directly or indirectly, by the Association for the benefit of the Units. The granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Elements or Limited Common Elements shall not be deemed a transfer within the meaning of this subsection;
- (b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lessee;
- (c) By act or omission change, waive or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of the Units or the Recreational Dwellings thereon, the maintenance of the Common Elements or Limited Common Elements, driveways, or the upkeep of lawns and plantings;
- (d) Fail to maintain first and extended coverage on insurable Common Elements or Limited Common Elements on a current replacement cost basis in an amount not less than 100% of the insurable value, based on current replacement costs; or
- (e) Use hazard insurance proceeds received for losses to any Common Elements or Limited Common Elements other than for the repair, replacement or reconstruction of such Common Elements or Limited Common Elements.

Section 5. EXAMINATION OF BOOKS AND RECORDS.

Eligible Secured Parties shall have the right to examine the books and records of the Association during normal business hours at the registered address of the Association.

Section 6. RIGHT TO CURE DEFAULT.

Eligible Secured Parties may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Elements or Limited Common Elements and may pay overdue premiums in hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Elements or the Limited Common Elements, and Eligible Secured Parties making such payments shall be owed immediate reimbursement therefor from the Association.

Section 7. PRIORITY OF ELIGIBLE SECURED PARTIES.

No provision of the Declaration or Bylaws shall be construed as giving to the Lessee or to any other party priority over any rights of Eligible Secured Parties of Proprietary Leases of Units pursuant to their liens in the case of a distribution to Lessees of insurance proceeds or condemnation awards for losses to or a taking of Common Elements or Limited Common Elements.

Section 8. FORECLOSURE OF FIRST LIENS.

The sale, transfer, acquisition or assignment of any interest in a Proprietary Lease for a Unit pursuant to the foreclosure of a first lien upon the Lessee's Membership Certificate (including a Lessee's interest in the Lessee's Proprietary Lease, the Unit, the Common Elements and the Limited Common Elements assigned thereto), or pursuant to any other proceeding or arrangement in lieu of such foreclosure, shall extinguish the lien of all other assessments as to the installments which became due prior to the effective date of such sale, transfer, acquisition or assignment by the Eligible Secured Party to the end that no assessment liability shall accrue to an acquiring Eligible Secured Party except with respect to installments of assessments becoming due after possession has passed to such acquiring lender, whether such possession has passed at the termination of any period of redemption or otherwise. However, if a first lien on a Proprietary Lease for a Unit is foreclosed and no Lessee redeems during the Lessee's period of redemption, then holder of the sheriff's certificate of sale from the foreclosure of the first lien shall take a Membership interest to the Unit subject to unpaid assessments for Common Expenses and Limited Common Expenses assessments levied pursuant to Sections 515B.3-115(a), (e)(1) to (5), (f), and (i) of the Act, which became due, without acceleration, during the six months immediately preceding the first day following either (i) the date of sale pursuant to the relevant section of the UCC or (ii) the date on which the obligation of the Member is discharged pursuant to the relevant section of the UCC. 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 Lessees of the remaining Units in the Association, exclusive of such encumbered Unit. No such sale, transfer, acquisition or assignment of possession shall relieve a Lessee of a Unit from liability for any assessments thereafter becoming due or from the lien thereof, nor shall it relieve the person personally

obligated to pay the assessments which were levied prior to the transfer of such Proprietary Lease for a Unit from the personal obligation to pay the same.

Section 9. EXEMPTION FROM TRANSFER RESTRICTIONS.

Notwithstanding any other provision in the Declaration, the Bylaws or any other Governing Documents to the contrary, the grant of a Security Interest to an Eligible Secured Party shall not be deemed to be a violation of any restrictions or prohibitions in any of the Governing Documents, relating to transfer or assignment of stock, membership interest or Unit Owner's interest in a Proprietary Lease. Furthermore, in the event of any disposition by an Eligible Secured Party to any person in connection with the enforcement of the Security Interest, or the retention or acquisition by the Eligible Secured Party of the Stock, Membership Interest and/or Unit Owner's interest in a Proprietary Lease, in connection with such enforcement, such person or the Eligible Secured Party shall be entitled, upon written request, to receive a full and complete transfer of such stock and Proprietary Lease upon the books and records of the Association without compliance with, or subject to, any rules, procedures, approvals, restrictions or prohibitions set forth in the Governing Documents. Furthermore, in the event an Eligible Secured Party through foreclosure, enforcement or otherwise, obtains ownership of the collateral in which the Security Interest was obtained, including the Stock, Membership Interest and Unit Owner's interest in the Proprietary Lease, the Eligible Secured Party shall be able to sell such collateral, and the purchaser thereof shall be entitled to become a member without the approval of the Association or as otherwise required by the Governing Documents.

Section 10. CONFLICT BETWEEN GOVERNING DOCUMENTS.

In the event of any conflict among the provisions of the Articles of Incorporation for the Association, this Declaration, the Bylaws, the Proprietary Lease, or any Rules and Regulations approved by the Association, the Articles of Incorporation shall control. As among this Declaration, the Bylaws, the Proprietary Lease, and any Rules and Regulations, this Declaration shall control. As among the Bylaws, the Proprietary Lease, and any Rules and Regulations, the Bylaws shall control. As between the Proprietary Lease and any Rules and Regulations, the Proprietary Lease shall control.

ARTICLE XIII.

MAINTENANCE

Section 1. MANDATORY MAINTENANCE.

The Association, subject to the rights and obligations of the Lessees as set forth in this Declaration, shall be responsible for, and be vested with, the exclusive management and control of the Common Elements and Limited Common Elements and all improvements thereon (including furnishings and equipment related thereto), and shall keep the same in good, clean,

attractive and sanitary condition, order and repair (consistent with its natural character). If a Lessee after written notice neglects to replace and repair any portion of the Unit for which the Lessee is responsible or fails to maintain the appearance of the Unit or any portion of the Common Elements which Lessee is responsible for, the Association may do so, charging the cost thereof to such Lessee. All such repair and maintenance shall be done as and when, and to the extent that, the Board deems it necessary or desirable. The Association shall remove snow from the Common Element driveway providing access for ingress and egress to the main office building only in compliance with requirements of the local fire department and shall not be required to remove snow from any other portions of the Property. The Association shall be responsible for mowing the Property, including up to ten feet from any Recreational Dwelling.

The Unit Lessee is responsible for maintenance and repair of the Unit, including the parking area, landscaping, lawn, trees, bushes, shrubs, grass, garden areas, sidewalks, driveways and other improvements to the Unit. The Unit Lessee is also responsible for maintenance and replacement of the Recreational Dwelling and any decks and patios located on the Unit. The Unit Lessee's failure to maintain and repair the Unit and/or maintain and replace the Recreational Dwelling, as noted herein, after written notice from the Association, may subject the Unit to be maintained and repaired by the Association may further subject the Recreational Dwelling to removal by the Association pursuant to Article III, Section 7 hereof, all at the Lessee's sole cost and expense. The Unit Lessee agrees to keep the Unit and the Limited Common Elements allocated to the Unit in good, clean and sanitary condition and in a manner consistent with the architectural character of the Cooperative. The Unit Lessee grants egress to perform said responsibilities promptly when the need for maintenance, repair or replacement arises, which responsibilities shall be performed in such manner as not to damage the property or unreasonably disturb or cause a hazard to other Persons occupying or otherwise using the Property. The Board may require that the Members perform their obligations to maintain their Limited Common Elements in accordance with standards established by the Board.

All Unit Lessees, Members or occupants shall promptly report to the Association any defect or need for repair to the Common Elements or Limited Common Elements.

Section 2. ACCESS AT REASONABLE HOURS.

For the purpose solely of performing the maintenance and repairs authorized by this Article, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to Lessee, to enter a Unit with such persons and material as the Association deems necessary at reasonable times during the day to perform said maintenance and repairs.

Section 3. EMERGENCY ACCESS.

For the purpose of performing emergency action to prevent damage or destruction to a Unit or property thereon, the Association through its duly authorized agents or employees, shall

have the right to enter the Unit at anytime, without notice, with such persons and material as the Association deems necessary to accomplish such emergency repairs or to take such emergency action. In case of an emergency as described herein, the Units are subject to an easement, without notice, and at any time, in favor of the Association and its agents, in favor of the municipality in which the Cooperative is located and in favor of all fire, police and other public safety personnel to enter the Property and perform emergency actions as necessary to prevent damage and destruction to the Property or to other Units or the property thereon.

Section 4. LAWN AND PLANTING MAINTENANCE.

The Association shall mow, water, rake and maintain, to the extent the Board deems necessary or desirable, all lawns and exterior plantings up to ten feet from a Recreational Dwelling; except that the Association may, but shall not be required to, water gardens and plantings established by Lessees, and to the extent the Association undertakes to do so, it will not be responsible for any damage to such gardens and plantings due to improper watering. In lieu of maintaining separate water lines for the Common Elements, the Association may draw water for such common purposes from exterior sillcocks on a Unit, provided that it rotates such drawing among all Units by a schedule or other reasonable means so as to approximately equalize the amount of water taken from each Unit over the course of a season.

ARTICLE XIV.

RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN

Section 1. RECONSTRUCTION.

The Association shall be responsible for the repair and reconstruction of the Property following damage or destruction. Any repair or reconstruction shall be substantially in accordance with the plans and specifications of the Property as initially constructed and subsequently improved, subject to any laws, ordinances, restrictions or regulations of any governmental authority having jurisdiction over the Property. Notice of substantial damage or destruction shall be given pursuant to this Article XIV.

Section 2. CONDEMNATION AND EMINENT DOMAIN.

In the event of a taking of any part of the Property by condemnation or eminent domain, the provisions of the Act shall govern; provided, (i) that notice shall be given pursuant to Section 4 below, (ii) that the Association shall be the attorney-in-fact to represent the Members in any related proceedings, negotiations, settlements or agreements and (iii) that any awards or proceeds shall be payable to the Association for the benefit of the Members, Lessees and the Secured Parties.

Section 3. TERMINATION AND LIQUIDATION.

The termination of the Cooperative, and the distribution of any proceeds therefrom, shall be governed by the Act. Any distribution of funds shall be based upon the value of the Memberships as determined by their respective allocations of interests in the Common Elements, and shall be made to Members, Lessees and Secured Parties, as their interests may appear, as provided in the Act. Following the satisfaction of all mortgages, security interests, and liens encumbering the Property and the Memberships, the payment of all creditors of the Cooperative, and the payment of all costs of disposition of the Property and other assets of the Association, all remaining assets of the Association shall be distributed to each Member based upon a percentage determined by (i) dividing the appraised value of the Member's Membership at the time of termination (this amount is referred to as the "Membership Value"), by the combined total of each Membership Value, and (ii) multiplying the resulting percentage or the value of the Association's total remaining assets. A single, independent appraiser shall be retained by the Association to determine the value of each Membership at the time of termination.

Section 4. NOTICE.

The Association shall give written notice of any condemnation proceedings or of substantial damage or destruction of the Property to each Member, Lessee and Secured Party.

Section 5. ASSOCIATION'S AUTHORITY.

In all cases involving condemnation, eminent domain, termination or liquidation of the Cooperative, the Association shall have authority to act on behalf of the Members in all related proceedings, negotiations and settlement of claims. All proceeds shall be payable to the Association to hold and distribute for the benefit of the Members, the Lessees and Secured Parties as their interests may appear, in accordance with the Act. In the event of dissolution, the Association may sell, convey, and otherwise deal with and dispose of its remaining assets to facilitate the establishment of those assets and the division and distribution of the value of those assets among its Members.

ARTICLE XV.

GENERAL PROVISIONS

Section 1. ENFORCEMENT.

The Association or any Lessee shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Lessee to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. RULES AND REGULATIONS.

The Association may make reasonable rules and regulations governing the use of the Recreational Dwellings, the Units, the Common Elements, the Limited Common Elements and the Docks and Slips, which rules shall be consistent with the rights and duties established in this Declaration. The Declaration shall supersede any conflicting rules by the Association.

Section 3. SEVERABILITY.

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

Section 4. ENFORCEMENT AND AMENDMENT.

The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association or the Lessee of any Unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns.

Except as provided in the Act or as hereinafter provided, the covenants and restrictions of this Declaration may be amended only by the assent of Members holding at least seventy-five percent (75%) of the voting power of the Members. Any amendment must be properly recorded and a recorded certificate of the Secretary of the Association certifying that the amendment was approved by Members holding at least seventy-five percent (75%) of the voting power of the Members shall be sufficient evidence of such fact. The prior written approval of all the first lien holders of Units or Lessees other than the Declarant shall be required for any amendment of this Declaration which would affect the right of the Association to do any of the acts specified in Article XII, Section 4(a), (b), (c), (d) and (e).

Section 5. NOTICES.

Any notice required to be sent to any Member or Lessee or the Association or the Board of Directors under the provisions of this Declaration shall be deemed to have been properly given when (i) put in writing addressed to said person, (ii) hand delivered to said person, or (iii) deposited in the United States mail postage prepaid addressed to the last known address of the person who appears as a Member or Lessee on the records of the Association at the time of mailing.

Section 6. MERGERS.

Upon a merger or consolidation of the Association with another corporation as provided in the Articles and Bylaws, the properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or corporation, or, alternatively, the

THIS INSTRUMENT WAS DRAFTED BY
AND SHOULD BE RETURNED TO:

Richard W. Currott
Attorney at Law
P.O. Box 206
Milaca, MN 56353
320-983-2104
Atty Registration No. 20448

EXHIBIT A

All that part of Government Lot Five (5) of Section Twenty-seven (27), Township Forty-six (46), Range Twenty-seven (27), lying southeasterly of T.H. 169, formerly designated as T.H. 35, as now located and established, which lies southwesterly of the following described line: From a point on the North line of Section 23, Township 46, Range 27, a distance of 1016.8 feet East of the Northwest corner thereof; run southwesterly at an angle of 57 degrees 07 minutes for a distance of 4484.9 feet; thence deflect to the left at an angle of 14 degrees 03 minutes for a distance of 1012.5 feet; thence deflect to the right at an angle of 14 degrees 32 minutes for a distance of 1025.3 feet; thence deflect to the left at an angle of 18 degrees 48 minutes for a distance of 1270.5 feet; thence deflect to the right at an angle of 32 degrees 08 minutes for a distance of 325.1 feet to the point of beginning of the line to be described; thence deflect to the left at an angle of 98 degrees for a distance of 850 feet, more or less, to the westerly shore of Hickory Lake and there terminating, excepting therefrom the right-of-way of existing new Highway #169.

Also excepting therefrom a tract of land in Government Lot 5, Section 27, Township 46, Range 27 bounded and described as follows: Assuming the South line of said Government Lot 5 as running North 90 degrees East and commencing at the Northwest corner of Government Lot 6 of said Section 27, and running thence North 90 degrees East along the South line of said Government Lot 5 a distance of 996.3 feet; thence running North 0 degrees East a distance of 16.5 feet to the point of beginning of the tract to be herein described; thence continuing on the same course a distance of 316.3 feet; thence running North 90 degrees West a distance of 149.83 feet to the easterly right-of-way line of Trunk Highway #169; thence South 23 degrees 56 minutes West along said right-of-way line a distance of 346.06 feet to its intersection with a line drawn parallel with and 16.5 feet North of the South line of said Government Lot 5; thence North 90 degrees East a distance of 290.22 feet to the point of beginning.

Also excepting therefrom all that part of Government Lot 5 of Section 27, Township 46, Range 27 lying southeasterly of T.H. 169, formerly designated at T.H. 35 and northwesterly of the right of way of existing new Highway #169, as now located and established, which lies southwesterly of the following described line: From a point on the North line of Section 23, Township 46, Range 27, a distance of 1016.8 feet East of the Northwest corner thereof, run southwesterly at an angle of 57 degrees 07 minutes for a distance of 4484.9 feet; thence deflect to the left at an angle of 14 degrees 03 minutes for a distance of 1012.5 feet; thence deflect to the right at an angle of 14 degrees 32 minutes for a distance of 1025.3 feet; thence deflect to the left at an angle of 18 degrees 48 minutes for a distance of 1270.5 feet; thence deflect to the right at an angle of 32 degrees 08 minutes for a distance of 325.1 feet to the point of beginning of the line to be described; thence deflect to the left at an angle of 98 degrees for a distance of 850 feet, more or less, to the westerly shore of Hickory Lake and there terminating.

AND

That part of Government Lot Six (6), Section Twenty-seven (27), Township Forty-six (46), Range Twenty-seven (27), described as follows: Commencing at the northwest corner of said Government Lot 6; thence South 89 degrees 31 minutes 32 seconds East 1219.64 feet along the North line of said Government Lot 6 to the point of beginning; thence South 50.00 feet; thence South 89 degrees 31 minutes 32 seconds East 317.33 feet, more or less, to the shore of Hickory Lake; thence northerly along said shore to the north line of said Government Lot 6; thence North 89 degrees 31 minutes 32 seconds West 319.50 feet, more or less, along the north line of said Government Lot 6 to the point of beginning.

AITKIN COUNTY, MINNESOTA

EXHIBIT B

ALLOCATION OF THE COMMON EXPENSES

<u>Unit No.</u>	<u>Portion</u>	<u>Unit No.</u>	<u>Portion</u>
1	1/56	29	1/56
2	1/56	30	1/56
3	1/56	31	1/56
4	1/56	32	1/56
5	1/56	33	1/56
6	1/56	34	1/56
7	1/56	35	1/56
8	1/56	36	1/56
9	1/56	37	1/56
10	1/56	38	1/56
11	1/56	39	1/56
12	1/56	40	1/56
13	1/56	41	1/56
14	1/56	42	1/56
15	1/56	43	1/56
16	1/56	44	1/56
17	1/56	45	1/56
18	1/56	46	1/56
19	1/56	47	1/56
20	1/56	48	1/56
21	1/56	49	1/56
22	1/56	50	1/56
23	1/56	51	1/56
24	1/56	52	1/56
25	1/56	53	1/56
26	1/56	54	1/56
27	1/56	55	1/56
28	1/56	56	1/56

HICKORY LA



--S 50°40'38" E -- 475'+1--
 --350.14'--

162.41'

---N 24°10'49" E -- 524.93'--
 342.46'

U.S. Highway No. 169

Controlled Access

N 89°47'04" W
149.63'

R/W post

of US Highway No. 169

Driveway

Driveway

Driveway

Driveway

Driveway

N 13°40'58" W - 132.62'

N 08°12'39" W - 452.89'

107.04'

Drainfield

Fish House

Garage

Gathering Room

Pump House

Pool

Playground

Office & Single Family Dwelling

Showers

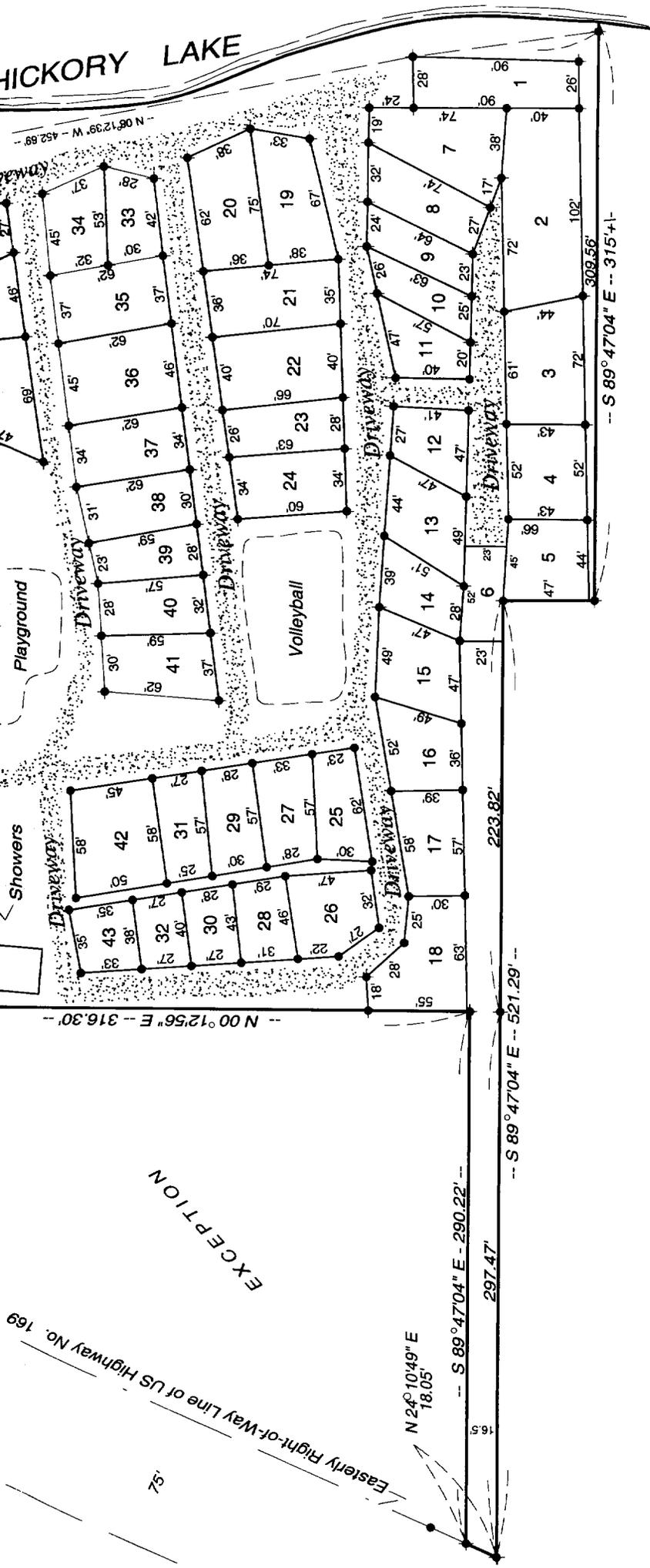
Drainage area

107.04'

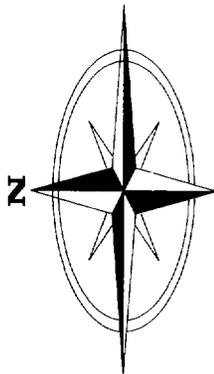
19.46'

52'

52'



Terry J. Betley
 Land Surveyor
 Aitkin County Abstract Company Building
 112 Third Street Northwest
 Aitkin, Minnesota.



I hereby certify that this plan or report was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the Laws of the State of Minnesota.

[Signature]
 Terry J. Betley, Minnesota Registration No. 15811
 June 18, 2006

HICKORY LAKE CAMPGROUND COOPERATIVE ASSOCIATION.

Exhibit C

Drawing showing Location of Units, Common Areas, Common Structures & Structures thereon.

EXHIBIT C
Page 2 of 2 Pages

HICKORY LAKE CAMPGROUNDS COOPERATIVE ASSOCIATION

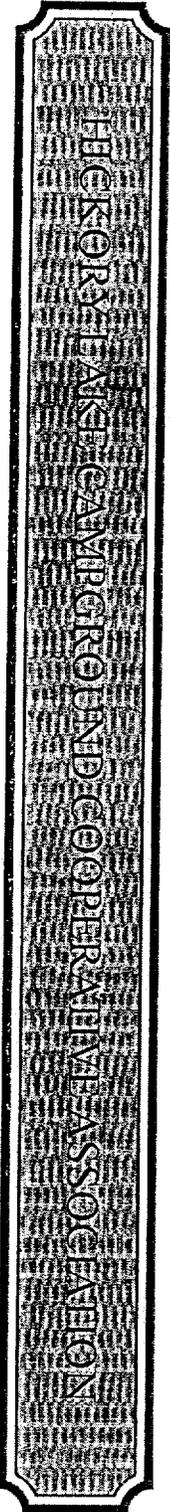
Area of Units

<i>Unit Number</i>	<i>Area</i>	<i>Unit Number</i>	<i>Area</i>
1	2,400 sq/ft	29	1,957 sq/ft
2	4,500 sq/ft	30	1,143 sq/ft
3	2,828 sq/ft	31	1,492 sq/ft
4	2,245 sq/ft	32	1,056 sq/ft
5	2,000 sq/ft	33	1,341 sq/ft
6	1,155 sq/ft	34	1,630 sq/ft
7	2,660 sq/ft	35	2,290 sq/ft
8	1,850 sq/ft	36	2,822 sq/ft
9	1,350 sq/ft	37	2,102 sq/ft
10	1,283 sq/ft	38	1,863 sq/ft
11	1,417 sq/ft	39	1,470 sq/ft
12	1,526 sq/ft	40	1,755 sq/ft
13	2,006 sq/ft	41	2,026 sq/ft
14	1,543 sq/ft	42	2,742 sq/ft
15	2,127 sq/ft	43	1,236 sq/ft
16	1,832 sq/ft	44	3,018 sq/ft
17	1,982 sq/ft	45	2,464 sq/ft
18	2,622 sq/ft	46	1,566 sq/ft
19	2,431 sq/ft	47	2,870 sq/ft
20	2,462 sq/ft	48	2,812 sq/ft
21	2,555 sq/ft	49	2,611 sq/ft
22	2,720 sq/ft	50	2,528 sq/ft
23	1,740 sq/ft	51	1,742 sq/ft
24	2,085 sq/ft	52	1,353 sq/ft
25	1,567 sq/ft	53	1,475 sq/ft
26	1,944 sq/ft	54	1,340 sq/ft
27	1,734 sq/ft	55	2,342 sq/ft
28	1,325 sq/ft	56	2,914 sq/ft

Note: All areas are approximate and not based on a formal boundary survey thereof.

E:/ Big K unit areas

A COOPERATIVE



1 OF 56 MEMBERSHIP CERTIFICATES

This certificate is for *Stock* _____ as shown on the Drawing accompanying the Declaration dated October _____ 2006, which was filed for Record on _____ 2006 with the Stittin County Recorder, Stittin, Minnesota, as Document Number _____ for the Hickory Lake Campground Cooperative, and for a one fifty sixth (1/56) interest in the Common Elements and Limited Common Elements shown on the drawing.

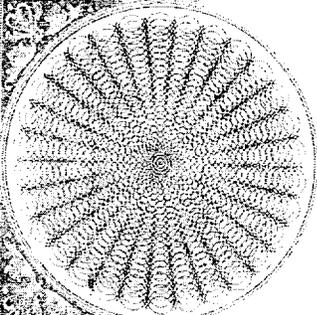
This is to Certify that _____ is the owner of

ONE _____ fully paid

Membership Certificate of the above Cooperative and one share of the Cooperative Association transferable only on the books of the Cooperative by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

Witness, the seal of the Cooperative and the signatures of its duly authorized officers.

Dated: _____ Signed: _____
President



Abstract Co.

pd 46.00

RECORDED
TRACT INDEX ✓
GRANTOR
GRANTEE
COMPARED

2

①

COUNTY RECORDER
AITKIN COUNTY, MINNESOTA
FILED

OCT 16 2006 PM

Liane M. Haggerty
As Doc. No.

377298