

**DECLARATION OF RESTRICTIONS AND
PROTECTIVE COVENANTS
FOR HIDDEN VALLEY 7TH ADDITION,
COTTAGE GROVE, MINNESOTA**

KNOW ALL MEN BY THESE PRESENTS, That Secure Properties Inc. a corporation under the laws of the State of Minnesota, does hereby declare and establish and impose upon the premises situated in the County of Washington, State of Minnesota, and described as set forth in Exhibit A, that the following protective Covenants, Restrictions and Reservations which are for the benefit of the aforescribed premises and every residential lot therein, and shall inure to and operate as equitable Covenants, Restrictions and Reservations passing with the conveyance of every lot, and are imposed upon said premises as a servitude in favor of said premises and each lot therein:

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Exhibit A of this Declaration, and desires to create thereon a residential community; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities in the community and to this end desires to subject the real property described in Exhibit A hereof to the easements, restrictions, covenants, conditions, charges and liens set forth in this Declaration, each and all of which is and are for the benefit of the property and each owner thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities in the community to create an agency to which should be delegated and assigned the power of administering and enforcing the covenants and restrictions contained in this Declaration; and

WHEREAS, Declarant has incorporated, under the law of the State of Minnesota, as a non-profit corporation, "Hidden Valley Homeowners Association.", for the purpose of exercising these functions:

HOW, THEREFORE, Declarant declares that the real property described in Exhibit A hereof is and shall be, held, transferred, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens (sometimes referred to as "Covenants and Restrictions"), which covenants and restrictions shall run with the real property and be binding on all parties having any right, title or interest in the hereinafter described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof:

ARTICLE I
PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Property Subject To This Declaration. The real estate subject to this Declaration is located in Washington County, Minnesota and described in Exhibit A attached hereto, all of which property shall hereinafter be referred to as "The Property".

Section 2. Addition To Existing Property. The developer may, prior to December 31, 2010, annex the following property:

Exhibit B

Or portions thereof. Other residential property and Common area may be annexed to the property with the consent of two-thirds (2/3) of the members of each class of members of the Association.

Section 3. Manner of Annexation. Additions authorized under this Article shall be made by filing a Supplementary D declaration of Covenants, Conditions and Restrictions with respect to the additional property and, after such filing, such additional property shall be subject to the covenants and restrictions of this Declaration. Such Supplementary Declaration shall contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and shall not be inconsistent with the scheme of this Declaration. In no event, however, shall such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration within the existing property.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Each owner of a lot is a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership.

Class A. Class A Member shall be all Owners of one or more lots, except Declarant. When more than one person or entity shares ownership of a lot, the vote shall be exercised as they determine among themselves.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each lot owned by it. The Class B Membership shall cease and be converted to Class A Membership on the earlier of (i) December 31, 2010 or (ii) when the total vote outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership.

ARTICLE III DUTIES OF ASSOCIATION

Section 1. Enforcement of Covenants and Restrictions; Architectural Control. The Association shall be responsible for the levy and collection of the assessments provided herein, and for the enforcement of the covenants and restrictions contained in this Declaration, including the architectural controls imposed by Article VI and the land use controls and prohibited uses imposed by Articles VII and VIII.

ARTICLE IV DECLARANTS' LOTS

Section 1. No assessment shall be due on any lot until such time as a residential home has been constructed thereon and the property has been transferred from the declarant. Declarant shall not be required to pay assessments on lots held by the Declarant.

ARTICLE V ASSESSMENTS

Section 1. Creation of Assessments. The Declarant, for each lot owned by it hereby covenants, and each owner of any lot, by acceptance of a deed for a lot, whether or not it shall be so expressed in the deed or any conveyance, is deemed to agree to pay to the Association; (a) annual assessments; and (b) any Individual Lot Maintenance Assessments levied against the owner's lot pursuant to the provisions of this Declaration.

Section 2. Purpose of Annual Assessments. The annual assessments shall be levied for the purpose of paying the costs associated with the incidental cost of operating the Association and Maintenance of developed common areas.

Section 3. Levy of Annual Assessments. The annual assessment must be fixed at a uniform rate for each lot. The annual assessment shall be due and payable each May 1st, beginning on May 1, 1999. The annual assessment due May 1st shall not exceed \$60.00 per year. For the following years, the annual assessment shall be levied by the Association, based upon a proposed budget. The annual assessment may be increased, without a vote of membership, by the greater of (a) \$10.00 per lot; or (b) the percentage increase, if any, over the twelve month period preceding the year for which

such annual assessment if levied, in the Consumer Price Index, all items, published by the United States Department of Commerce, Bureau of Labor Statistics, for the region including Cottage Grove, Minnesota. In order to increase the annual assessment more than the maximum amount established in this Section, a vote of 67% of the votes of each class of membership cast by the members present, in person or by proxy at a meeting of the Association called for that purpose shall be necessary. The Board of Directors of the Association shall fix the amount of the annual assessment in the amount not in excess of the maximum. The annual assessment for each year shall be fixed, and written notice provided to each owner at least thirty (30) days prior to May 1 of the year in which the assessment is due. Failure to provide such notice, however, shall not render the assessment invalid.

No assessments are due on undeveloped lots or on lots which have been built upon but are not resided in, i.e. no assessments are due upon developer's model home or homes.

Section 4. Individual Lot Maintenance Assessments. In the event that any owner violates any covenant or fails to perform any condition contained in this Declaration, the Association may enter upon the lot in question and perform the act, remove the defect or correct the violation upon thirty (30) days written notice to the owner employing, as appropriate, the procedures contained in Article VI, Section 6. If the Association so acts on behalf of an owner, the Association may levy an assessment (hereinafter, "Individual Lot Maintenance Assessment:") against the lot for the cost of performance or correction.

Section 5. Effect of Nonpayment of Assessment; Remedies of Association. The annual assessments and Individual Lot Maintenance Assessments shall be established as provided in this Declaration. If any assessment is not paid when due, it shall become delinquent and shall, together with interest at a rate of twelve percent (12%) per annum, any cost of collection and any attorneys' fees, become a continuing lien on the lot and shall also be the personal obligation of the owner of the lot at the time the assessment is made. The lien may be enforced and foreclosed by action of by advertisement in the same manner in which mortgages be foreclosed in Minnesota. Each owner, by acceptance of a deed for any lot, shall be deemed to give full and complete power of a sale to the Association and to consent to a foreclosure of the lien by advertisement. The Association may elect to bring an action at law against the owner personally obligated to pay the assessment. The lien of any assessment under this Declaration shall be subordinate to the lien of any First Mortgage.

ARTICLE VI
ARCHITECTURAL CONTROL PROCEDURES

Section 1. Architectural Control. The Architectural Control Committee hereinafter referred to as ACC, is composed of Mike Rygh solely. In the event of death or resignation of Mike Rygh, the owner or owners of Secure Properties, Inc. designate a members or members of the Architectural Control Committee. Secure Properties, Inc. may designate another entity which is involved or associated with the subject property to designate future members or members of the Architectural Control Committee.

At such time as the original construction is completed on all of the lots described in attached "Exhibit A", the Board of Directors of the Association shall appoint three persons to serve as the Architectural Control Committee. Once those three persons are appointed, Mike Rygh shall resign and the three persons appointed shall thereafter serve as members of the Architectural Control Committee at the pleasure of the Board of Directors of the Association.

Section 2. Original Construction. The plans and specifications for the construction of family residence on any lot shall be submitted to the ACC for its written approval before any construction activity is begun.

Section 3. Review of Modifications. After the completion of an original family residence on a lot the construction or modification of any building or structure, including front yard fences or retaining walls shall require prior written approval by the ACC of the plans and specifications for the construction, in accordance with the standards set forth in Section 4 hereof.

Section 4. Standard of Review. The ACC may promulgate detailed standards and procedures governing its areas of responsibilities and practice. In addition, the following shall apply: design and harmony of external design with existing structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an owner to remodel the interior of his or her residence or to paint the interior of his or her residence any color desired.

Section 5. Procedure. If the ACC fails to approve or disapprove plans and specifications within thirty (30) days after the submission of the same to it, approval will be deemed to have been granted. In the event of disapproval by the ACC, the requesting owner may give written notice that the owner wishes to appeal the ACC decision and request a hearing before the Association's Board of Directors. Such notice must be

furnished to the ACC within ten (10) days of its decision. The hearing shall be at a special meeting of the Board of Directors to be held within thirty (30) days of the receipt of the owner's notice of appeal.

Section 6. Removal and Abatement. The ACC or the Association shall have the right to order an owner to remove or alter any structure on any lot erected in violation of the terms of this Declaration, and to employ an appropriate judicial proceedings to compel the alteration nor demolition of any nonconforming construction or other violation. Any cost incurred by the ACC shall be levied as an Individual Lot Maintenance Assessment as provided in Article V.

Section 7. Variances. Reasonable variances to the covenants and restrictions may be granted by the ACC after review, in order to overcome practical difficulties or to prevent unnecessary hardship. A variance may only be granted or it is not detrimental to other property and shall not defeat the purpose of this Declaration.

ARTICLE VII

Section 1. Lot Usage. All lots shall be used only for residential purposes. No structures shall be erected, altered, placed or permitted to remain on any lot other than one attached single-family dwelling not to exceed two and one-half stories in height and an attached private garage containing not less than two stalls. No garage or other outbuilding shall be constructed on any lot prior to construction of a single-family dwelling.

Section 2. Dwelling Sizes. No dwelling shall be permitted on any lot with a ground floor area of the main structure exclusive of open porches and garages, which has less than 1,000 square feet for a one-story dwelling, or which has less than 800 square feet for a two-story dwelling, or which has less than 1,000 square feet for a split-entry dwelling (only the upper level of the split-entry dwelling shall be counted in defining square footage). The total floor area for a split-level shall be such that it is in keeping with the foregoing requirements for other types of dwellings. A one-story residence having a basement that opens out on the ground level at the side or rear shall be considered as being a one-story dwelling for purposes of the paragraph.

ARTICLE VIII PROHIBITED USES

Section 1. Nuisances. No noxious or offensive activities shall be carried on upon any lot.

Section 2. Pets and Livestock. Dog runs or similar animal cages are permitted only when adequately screened from view. No animals, livestock or poultry shall be raised on any lot, except domesticated animals, so long as they are not kept or bred for commercial purposes.

Section 3. Garbage and Rubbish. No lot may be used as a dumping ground for rubbish or trash and all trash or rubbish shall be kept in sanitary containers.

Section 4. Signs. No signs may be displayed to public view on any lot except signs not more than seven (7) feet square advertising the property for sale or rent, or any signs placed by the Declarant to advertise the property during the sale of lots. Entrance monuments are exempt from this section.

Section 5. Storage of Vehicles and Equipment. No commercial vehicles, recreational vehicles, trucks of one (1) ton capacity or larger, campers, buses converted to campers or other light vehicles shall be parked, stored or left on any lot for more than five (5) consecutive hours in one day, except within the house, garage or screened area. This prohibition shall not prohibit the parking of contractors' trucks and equipment used during the construction of improvements to any lot or during the actual repair of the property. No motor vehicle which is not licensed and operable shall be parked or stored on any lot for more than forty-eight (48) hours. No snowmobiles, boats, trailers, construction equipment, building materials or supplies, ice houses, pick-up campers or other extraneous and unsightly objects shall be stored on any lot except that of construction equipment and building materials and supplies may be stored in a neat and orderly manner during the actual construction of improvements upon a lot.

Section 6. Television Receiving Dishes, Private Broadcast/Reception Equipment. There may be no exterior installation of television satellite receiving equipment, HBO, or similar equipment, citizen band or amateur radio antennas, exterior public broadcast television antennas or exterior public broadcast television antennas can be installed only with ACC approval. No antenna or aerial shall be more than ten (10) feet above the highest roofline in the Addition. No "satellite dish" in excess of 500 square inches or other such structure will be allowed on any lot, without the prior approval of the ACC and without appropriate screening from view.

Section 7. Tanks. No tanks for the storage of fuel shall be maintained on any lot.

Section 8. Tree Removal. Live tree removal is not permitted except when done in completing landscaping that has been approved by the ACC.

Section 9. Building, Fence, Structures, Additions. No building, fence or structure of any kind shall be placed or altered on lot until the construction plans and specifications and a plan showing the location of the structure and landscaping have been approved by the ACC as to quality of workmanship, harmony of external design and location. Chain link fencing will not be allowed.

Section 10. No Temporary Structure. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other building shall be used on any lot at any time as a residence, either temporarily or permanently.

ARTICLE IX GENERAL PROVISIONS

Section 1. Association Easements. The Association shall have an easement to enter upon any lot or common area in order to perform any obligation of the Association hereunder.

Section 2. Duration of Declaration of Covenants, Restriction and Easements. The Covenants, Restrictions and Easements of this Declaration shall run with and bind the land and shall inure to the benefits of and be enforceable by the Association or the owner of any lot subject to this Declaration, or their respective legal representatives, heirs, successors and assigns. The Covenants and Restrictions herein set forth shall have a term of thirty (30) years from the date this Declaration is recorded, after which time, said Covenants and Restrictions shall be automatically renewed for successive periods of ten (10) years. The Covenants and Restrictions of this Declaration may be amended during the first thirty (30) year period by an instrument signed by not less than seventy-five percent (75%) of the owners and thereafter by an instrument signed by not less than a majority of the owners. Any amendment must be properly recorded.

Section 3. Enforcement. If there shall be a violation or an attempt to violate any of these Covenants or Restrictions, it shall be lawful for any other person or persons owning any real estate situated in this subdivision to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such Covenants or Restrictions and either to prevent him or them from so doing or to recover damages or other dues for such violations.

Section 4. Severability. Invalidation of any of these Covenants or Restrictions by Judgement or Court Order shall in nowise affect any other provisions which shall remain in full force and effect.

EXHIBIT "A"

Lot 1 through 1 , Block 1, Hidden Valley 7th Addition
Lot 1 through 7, Block 2, Hidden Valley 7th Addition
Lot 1 through 5, Block 3, Hidden Valley 7th Addition
Lot 1 through 7, Block 4, Hidden Valley 7th Addition
Lot 1 through 6, Block 5, Hidden Valley 7th Addition
Outlot E, Hidden Valley 7th Addition

EXHIBIT "B"

Outlot A, Hidden Valley 7th Addition
Outlot B, Hidden Valley 7th Addition
Outlot C, Hidden Valley 7th Addition
Outlot D, Hidden Valley 7th Addition
Outlot F, Hidden Valley 7th Addition
Outlot G, Hidden Valley 7th Addition