

WALKER LAKE PRESERVE RULES AND REGULATIONS

As Amended July 24, 2013

The following are the Rules and Regulations of Walker Lake Preserve Community Services Association (the "Association"), a Minnesota non-profit corporation formed to govern Walker Lake Preserve pursuant to the Declaration of Walker Lake Preserve (the "Declaration") filed of record with the Otter Tail County Recorder and the Association's Declaration and Bylaws.

Definitions

Facility – Any portion of the common elements including, but not limited to pavilion, dock, play field and walking trail.

Facility User – Owners and their invited guests or attendees at an approved private function.

Facility Manager – The Association President or his duly appointed designate.

Private Function – A function that restricts the use of a portion of a common element, typically the pavilion area, for a set period of time.

Overnight Guest – A person staying overnight at an owner's residence.

Day-Use Guest – A person that is invited by a unit owner, but not staying overnight at an owner's residence.

Non-Resident Visitor – A person that does not own property in Walker Lake Preserve, does not lease a boat slip, and is not an overnight guest.

Rule Changes

Rule changes can be adopted at any time by the majority of the Board. Rule changes can be adopted at any time by the Association President (or Vice President when the President is absent) should an urgent matter arise. Rule changes must be ratified at Association Board meetings and annual owner meetings by majority vote. Rule changes affecting fees and assessments must be done in such a manner to cover costs and maintain adequate reserves.

Conduct on Common Elements

Facility Users are expected to conduct themselves in a safe and respectful manner that minimizes the disturbance to nearby owners and guests (taking into consideration noise levels, odors, sight lines and aesthetic impact) and leaves the facility in as good of condition as it was in prior to commencement of the use. Garbage should be picked up and removed. Surfaces and equipment should be completely cleaned after each use.

Facility Users are responsible for their actions. Unusual clean up charges or breakage beyond normal wear and tear will be charged to the responsible owner's account as a limited allocation assessment.

Hours

Facility hours may be adjusted seasonally if needed. Generally, the facilities are open from 9:00 a.m. to 9:00 p.m. for regular use. Quiet use is permitted during other hours when the activities do not present any undue risk and do not unnecessarily disturb nearby owners or their overnight guests.

Lighting

There is a light near the dock that will be on at night during periods of expected use. Lights in the pavilion should be turned off when not being used. Individual unit lights should be designed to not obstruct the vision of the night sky or be excessive.

Reporting Unsafe or Unclean Conditions

Facilities users will inspect the facilities prior to use. Any unsafe or unclean conditions will be reported to the facilities manager and the facility user will make every effort to safeguard other users from the condition.

Assumption of Risk

Facilities users assume full responsibility for any risk of bodily injury, death or property damage while using facilities. Facilities users understand that there is no life guard or other employee of the association that supervises activities. Every facilities user is responsible for their personal safety.

Special Events

Private events cannot exclude other owner use for more than two hours and must be pre-booked with the facilities manager and posted at the pavilion no more than two and not less than one week in advance. Private functions are subject to an hourly charge plus cleaning, setup and/or equipment use charges as deemed appropriate. Additional charges may apply if more than 30 people attend the function. Private functions cannot restrict dock, beach or restroom use unnecessarily.

The current charge for private functions is \$50 per hour.

Owners may be restricted to holding no more than one private function every two months.

Guests

Unsupervised repeat use by non-resident visitors is not allowed. Owners are restricted to ten or less day-use guests at any one time on common elements, except for a pre-booked special event. Owners are responsible for their guests. Day-use guests should be reasonably supervised by owners while on common elements.

Non-resident guests can make use year-round use of common elements by paying a special fee, subject to applicable county rules and regulations.

Walking Trail

The walking trail is restricted to non-motorized use except for management and maintenance vehicles.

Garbage

Garbage collection is the responsibility of each individual unit owner. A common garbage collection system may be implemented to handle a reasonable amount of normal household garbage and added to association assessments if a majority of homeowner's vote to implement such a system. Garbage containers should be screened or placed in locations to minimize their aesthetic effect. Waste from construction projects or other unusual activity are the responsibility of the owner.

Well and Septic Systems

Wells and septic systems must be located within unit boundaries or on adjacent land included within the common elements. Provided, however, that any system located within the common elements, in whole or part, must be approved by the Board, or if it has established one, by the Architectural Committee. Systems cannot be located within the common elements that would affect setback requirements for other units and/or any well or septic system servicing them if an alternate site is otherwise available.

Septic systems are regulated by the Ottertail Water Management District and subject to its permit, maintenance and inspection requirements. Utility charges and the maintenance, repair and eventual replacement of well and septic systems is the responsibility of the unit owner(s) constructing or benefiting therefrom.

Well or septic systems may be shared by one or more unit owners, in which case the shared system(s) shall constitute a limited common element.

There is an existing well and septic system that serves the common elements and will also provide service to any dwellings subsequently constructed on Unit 24. No other unit may connect to either system without Association approval. Any unit approved to connect to either or both systems must pay the full cost associated therewith. On the first day of the month following establishment of an operational connection, the

connected unit shall be assessed its share of the costs associated with the system to which it has been connected, including charges for its maintenance and repairs, utilities and replacement. For example, if six units are connected, each unit has a 1/7th interest with the Association having the other 1/7th. If four units are connected, each unit has a 1/5 interest with the Association having the other 1/5th. Once any dwelling is constructed on Unit 24, each such dwelling shall be considered a separate unit for purposes of the foregoing.

Beach and Weed Control

The beach and surrounding area is maintained by the Association. Lake weeds in the beach area, around docks and a channel to open water may be controlled by mechanical or chemical means as solely determined by the Association and allowed by permit from the DNR or other regulatory bodies.

Dock Use

Owner and their guests may use the Association's dock for fishing and recreation use whether or not they possess a boat slip permit. Boats and lifts in the marina are private property which deserves respect and are off-limits to others. Boat slip permit holders can restrict use to the dock immediately surrounding their slip while they are present. No personal property is to be left on the dock for an extended time. Traffic areas on the dock must remain clear at all times.

Watercraft Docking, Parking and Storage

No boat can be tied to the dock for more than two hours unless in an approved slip. No overnight beaching of boats is allowed. No paddle boats, canoes or other personal watercraft can be stored overnight unless approved by Association and available for use to all Association members and invited guests. No boat launching is allowed on the property, a public access must be used for that purpose.

Boat Slip Management

1. Allocation of boat slips. Up to 28 boat slips are permitted by the County. Boat slip permits are allocated based on the following classes of permits:
 - a. Shared slip permits. Two or more units that do not have an interest in another slip permit who share a slip.
 - b. Units with one slip permit.
 - c. Units with multiple slip permits with each multiple a separate class.
 - d. Slips for non-residents as allowed by applicable county and state rules and regulations.

Within a class of permits, the slip permit with the least seniority could lose their permit. Slip permit are valid for the entire season unless lost as described elsewhere. Slips

seniority rights and waiting list position are assigned to the unit, not the unit owner. If a unit's ownership changes, the new unit owner retains the permit seniority and position on any waiting list upon a transfer but must contribute to the capital account of the Association as described elsewhere.

To determine if a slip is shared, a unit counts toward a shared permit only when it does not have another permit. For example, a unit with a single permit cannot apply for a second permit with another unit as a shared permit. Likewise, six units without permits are needed to cooperatively share three slips.

For example, all 28 slips are in use. A unit owner without a slip permit requests a slip June 1 by paying the expected fee for the following season. There are four slips permits classified as second slips. No unit has more than two slips. If no one agrees to voluntarily release their slip, the second slip permit with the least seniority will be involuntarily lost to the new request the following season.

2. Capital Account

New permit owners contribute into a capital account based on the amount set by the Association to proportionally replace the dock and related equipment. The basis for the contribution amount is 120% of the cost of 28 feet of compatible, installed dock. The extra 20% should cover electrical and accessory costs. A new permit owner must pay the full capital fund contribution amount upon application less any credits from transferring an existing unit permit. The fee is due on the earlier of first use or March 15.

Permit holders can release their permit and request a refund of the depreciated capital fund contribution. This request must be made within one year of any recorded sale or the capital fund contribution is forfeited to the Association. Permits released in this manner lose all seniority rights.

Unit owners can transfer slip permit(s) to new owners of the same unit and maintain seniority rights. Unit owners cannot otherwise transfer slip permits. The new owner must pay the depreciated amount of the permit as described elsewhere prior to first use or March 15 whichever is earlier. The Association must receive a written transfer notice from the former permit holder to activate the transfer. The former permit holder cannot request a refund of all or part of the capital fund contribution from the Association making a transfer request, otherwise it viewed as a release.

3. Reserves for Dock Replacement

Reserves for the replacement of the dock and related equipment are funded by ownership changes.

Regardless of how a slip permit is forfeited, the permit must be released to the Association. The former permit holder will get back their capital contribution amount less depreciation of 5% per year. For example, if a slip permit holder relinquishes the permit

three seasons after the year the capital fund was fully funded and their association capital fund fee was \$4000, the former owner receives \$3400 (\$4000 less \$600 or 15% in depreciation). If a slip is kept for a long time, such as 20 seasons, the amount returned cannot be less than zero. Seasons are whole seasons (not fractional) based on the date first used or last fully funded. Multiple permits waiting for a refund are processed in order a written request for release and refund was received.

The Association will pay the former permit holder within 30 days of receiving the capital fund contribution from the new permit holder. If a capital fund contribution is not received within three years, the money is forfeited and no money is due the former permit holder. Once a permit is relinquished, the unit loses all seniority rights.

The Association contracts with the Declarant for dock construction during the period of Declarant control. The season after Declarant control has ended, the board may terminate the contract. Docks will be installed with an expected life of 20 years or more of normal use, but Declarant does not make any express warranties with respect to the life of the dock.

If for some reason reserves are not adequately funded in this manner due to a catastrophe or low turnover, a special assessment or an increase in the seasonal assessment may be required. Any special assessment is done based on the number of years since the capital fund was fully funded (up to 20 years) for that slip and proportionally by the number active permits.

4. Loss of boat slip permit. These events could cause a permit to be forfeited.
 - a. Reckless Endangerment or Lack of Respect for Personal Property: If the slip permit holder or their guest(s) behave in a manner to endanger people or cause loss of personal property in the marina area, the facility manager may terminate their slip rights.
 - b. Non-Conforming Boat Lift or No Boat Lift. Boat lifts used in the marina should be compatible in appearance and approved by the Board, or if it has established one, by the Architectural Committee. Non-conforming lifts cannot be placed in the lake. Permit holders will be required to immediately remove any offending lift and replace it within 30 days of the date of notice of the non-conformance sent by the Association or their slip rights shall automatically terminate on the 31st day after said notice is sent. If a permit holder does not have the lift ready for the spring seasonal movement by placing it fully assembled in a designated staging area, the permit holder is responsible for the full cost of placing the lift in position with minimum disruption to the area. Slip permits can be revoked for non-use when there is a waiting list. Non-use is defined as no boat lift in position by June 150th.
 - c. Falsifying Ownership. Slip permits cannot be transferred to other units, but

must be released to the Association. For example, a unit without a slip permit cannot request a permit that will actually serve as another unit's second slip to allow them to move up a higher class or permits. The right to use any slip automatically terminates upon violation of the foregoing and seven days after notice to that effect is sent by the Association.

- d. Failure to pay Limited Common Element Assessments or Association Assessments. Slip permit holders will get written notice of any delinquent payment, whether for use of one or more boat slips or failure to pay any other assessments due the Association. Failure to pay all delinquent amounts, including any penalties or interest, within 30 days of the mailing of the notice of deficiency will cause a loss of boat slip rights. In this case, the permit is forfeited 31 days after receiving notice. Likewise, anyone offered a slip must pay any additional amounts due before use or by March 15, whichever is first, or any fees paid will be refunded and they are removed from the list.
- e. Voluntary Release by the Permit Holder. A permit can be relinquished by the Permit Holder.
- f. Sale of Unit. A unit sale does not necessarily force the release of a permit. However, it does force the permit into the non-resident class and is subject to applicable county rules and regulations.

5. Optional Board Review of Slip Permits Lost Involuntarily

If a permit is lost involuntarily and the holder believes the action is unjust, a board meeting may be requested to have the permit and seniority reinstated. This request must be made within seven days of notice of loss or potential loss. The meeting must be held within 14 days of the request between March 15 and September 1, or by the following March 15th when the request is made off-season. The board meeting will be scheduled to allow the permit holder to be reasonably present. If the requesting permit holder cannot be present in person or by phone, the meeting can continue in their absence. A majority vote is required to ratify the decision to lose the permit. Termination of the right to use any boat slip in such a case shall be effective immediately or upon such date established by the Board.

6. Tracking Seniority

A list will be maintained that tracks slip permits. It is available to any slip holder or anyone on the waiting list. The list contains the following information:

- *Slip Class* – (Shared / First / Second / Third / Fourth / Non-Owner)
- *Class Seniority Date and Time* – The date and time that this slip entered the class based on when the fee was received. Used for involuntarily loss priority.
- *Unit Number(s)* – A unique unit number for each legal single family residence.
- *Position Seniority Date and Time* – The class seniority date and time for the first slip for the unit. Used for dock position priority. Position seniority is

retained if a slip permit is converted to another slip class, but lost when a shared permit is converted to another class.

- *Year Capital Fund Fully Funded* – The year the slip was first used or the year the capital fund was last fully funded to determine depreciation.
- *Lift Position* – The lift position relative to the dock when viewed from shore. (Left, Right or Either)
- *Preferred Position* – A general comment on position preference
- *Assigned Position* – Slip position number or wait list position by class .
- *Owner(s) Name and Contact Information.*

7. Position in the Marina

Position in the marina is determined by the seniority for the unit's first slip, not class of permit. Multiple slip owners can group their slips. Slip position is determined by the facility manager based on seniority, stated preferences, special needs and left or right preference. Lifts with a left or right position will not be forced to change sides without good reason. Once a lift is positioned, it cannot be changed for the season. Slips can be added at any time in the season to the end of the dock up to the maximum permitted by the County. Slips regularly used by handicapped or mobility-impaired individuals may be given preferential position, if requested and the facility manager annually determines that another position creates undue hardship,

8. Securing Boat Lifts During Periods of Potentially High Winds.

Canopied boat lifts cannot sit empty during times of potentially high winds. Empty boat lifts can easily be overturned. The permit holder must remove the canopies or a put a replacement boat of sufficient weight on the lift. Replacement boats can be on the lift for up to two weeks. If the Association must act to remove the canopy, any cost in doing so shall be paid by the unit owner(s) with rights in the slip as a limited allocation assessment. Damages caused by any lifts are the responsibility of the lift owner.

9. Insurance and Property Loss

Boats and lifts are the property of the permit holder. The permit holder is responsible for any loss of property or liability and should be insured against these risks. The docks are the property of the Association and their loss is covered with reserves and insurance as deemed appropriate. The dock area is covered by the general liability insurance of the Association.

10. Schedule

The docks and lifts will normally be placed in the water by May 1 or at least one week before the walleye fishing opener, and removed around October 15. Weather conditions and scheduling issues will determine the exact schedule. Annual seasonal movement fees are due March 15 and must be paid in accordance with terms of the Declaration. Waiting list requests that could result in the involuntary loss of another slip permit must

be made and paid by March 1st; otherwise they will be held until the next season.

11. Fees and Assessments

Fees and assessments are set annually by vote of the members of the Association and must cover costs. There may be special assessments to cover unexpected costs.

The fees for 2013 are:

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| Annual Seasonal Movement | \$250 |
| Capital Account Contribution | \$4000 |
| Annual non-resident use fees | \$250 |

12. Responsibility for Canopies and Boats

Permit holders are responsible for installing, removing and storing their boat and canopy. The cost of removing boats and canopies left on the lift when the docks are scheduled for removal or when the right to use a boat slip has terminated will be charged to the permit holder as a limited allocation assessment.

13. Maintenance

Permit holders are responsible for paying for the seasonal movement of boat lifts, the dock, structural maintenance, electrical usage, reserves for replacement, and any other reasonable and necessary expenses associated with the dock and its usage as a limited common assessment. Dock users are expected to clean up after themselves.