

COMMON INTEREST COMMUNITY NUMBER-343
A PLANNED COMMUNITY
DODD MARSH HIGHLANDS TOWNHOMES
Lakeville, Minnesota

RECEIPT

For

_____"Subject property")

The undersigned hereby acknowledges receipt of the Disclosure Statement including the following Exhibits:

- | | |
|------------------|--|
| Exhibit A | Declaration of Dodd Marsh Highlands Townhomes. |
| Exhibit B | Bylaws of the Highlands Townhome Association. |
| Exhibit C | Articles of Incorporation of the Highlands Townhome Association. |
| Exhibit D | Rules and Regulations of Highlands Townhome Association- (Proposed). |
| Exhibit E | Projected Annual Budget for the Highlands Townhome Association for the first full year of operation. |
| Exhibit F | Balance Sheets of the Highlands Townhome Association (prepared quarterly). |

Dated: _____

Dated: _____

Sales Agent:

Buyers:

COMMON INTEREST COMMUNITY NUMBER-343

A PLANNED COMMUNITY

DODD MARSH HIGHLANDS TOWNHOMES

Lakeville, Minnesota

DISCLOSURE STATEMENT

Pursuant to Section 515B.4-102 of Minnesota Statutes, as amended, the undersigned ("Declarant") does hereby fully disclose and provide to _____ ("Purchaser", whether one or more) the following:

1. **General Description of Project.** Dodd Marsh Highlands Homes is a residential community located in Lakeville, Minnesota. The Developer of the Dodd Marsh Highlands project is D.R. Horton, Inc.-Minnesota, a Delaware Corporation, (the "Declarant"). Dodd Marsh Highlands is ultimately planned to include approximately one hundred sixty (160) residential dwellings of several types, including custom single-family detached homes and townhomes, in two planned communities, Dodd Marsh Highlands Townhomes and Dodd Marsh Highlands Homes. The community will include walkways and paths in the middle of the community, with the complimentary structures along the paths. There are numerous wetlands, ponds and marshes throughout the community to enhance the appeal and character of the community.

2. **Name and Common Interest Community Number of Planned Community**

Dodd Marsh Highlands Townhomes
Common Interest Community Number 343

3. **Name and Principal Address of Declarant.**

D.R. Horton, Inc.-Minnesota
20860 Kenbridge Court, Suite 100
Lakeville, MN 55044

4. **General Description of Dodd Marsh Highlands Townhomes/Number of Units and Type of Common Interest Community.** Dodd Marsh Highlands Townhomes is a Planned Community as defined in the Minnesota Common Interest Ownership Act, Minnesota Statutes Chapter 515B (the "Act"). The development will be composed of 47 Units contained in 16 buildings.

The Units will consist of newly constructed 1-story buildings with a basement. Each Unit will include 2 parking spaces in a garage attached to the buildings.

The common elements of the Planned Community will include the streets, the sodded and landscaped areas (except for the platted areas of each Unit), the underground sprinkler system, and the permanent subdivision monuments. The Units will contain the following limited common elements: the driveways to each Unit, and the landscaping within each platted Unit.

Dodd Marsh Highlands Townhome Association (the "Association") has been created as a Minnesota non-profit corporation. All Unit owners will be members of the Association, and will elect a Board of Directors to administer the affairs of the Association.

The Association will provide services to its members, including architectural control, maintenance obligations and enforcement of covenants. The city of Lakeville will maintain the public streets within the Association, while the Association will provide maintenance of the exterior of the Units and surrounding yard areas, as well as the interior neighborhood monuments, exterior entrance monuments, common elements and landscaping. Homeowners will be responsible for all interior maintenance of their respective Unit. A Declaration of Covenants covering these maintenance, use and architectural matters is or will be recorded against the Dodd Marsh Highlands property (see attached and incorporated as Exhibit A).

The buildings will be wood frame construction with some brick veneer, vinyl windows, vinyl siding and trim, with fiberglass shingle roofs. Each Unit will be metered separately for electricity, gas and water. Under the terms of the Declaration, the Board may grant easements for access across the Planned Community by utility company personnel for the installation, maintenance, repair and replacement of their equipment.

Each Unit will have a separate water supply, waste and vent system. The plumbing system will meet the Building Codes of the City of Lakeville..

5 **Working Capital Reserve Payment and Assessment Payments Due From Purchaser to Association at the Closing.** At the closing Purchaser will pay to the Association an Assessment for working capital in an amount equal to two (2) months projected Common Expense Assessment for the Unit purchased. Such Assessment is to be used to provide a working capital reserve fund for the Association. The Assessment is neither refundable, nor is it to be considered an advance payment of monthly Assessments. The estimate of the monthly Common Expenses assessable to the lot Purchaser is buying and the working capital Assessment required by the Purchase Agreement is detailed in the documentation in Exhibits E and F attached. In addition, Purchaser shall pay at closing to the Association the full Common Expense Assessment for the month succeeding closing.

6 **Construction Schedule.** Construction of buildings and landscaping and planting will begin in the Fall 2001 and is scheduled to be completed in the Summer 2006.

7. **Judgments and Lawsuits.** To the extent of the Declarant's knowledge, after inquiry, there are no unsatisfied judgments or lawsuits to which the Community Association or the Association is a party.

8. **Description of Insurance Coverage.** The Association will carry property insurance only on the insurable improvements (if any) that it is obligated to maintain. The insurance will be in the amount of the full insurable replacement value of such insurable improvements, subject to reasonable deductible limits periodically determined by the Board, as applicable. Owners are strongly advised to consult a qualified insurance agent and obtain property insurance covering their residence and other insurable improvements located on their Units.

The Association will carry public liability insurance in the minimum face amount of One Million Dollars (\$1,000,000), covering death, bodily injury and property damage arising out of the performance of their respective duties. The policies have deductible amounts as periodically determined by the Board, as applicable. The policies do not cover owners' personal liability for accidents or damages occurring on their Units. Owners are strongly advised to consult a qualified insurance agent and obtain their own liability insurance coverage for accidents and damage occurring on their Units. The general liability portion of the policy will contain a severability of interest endorsement.

Pursuant to purchasing a Unit, the Purchaser will be required to obtain a Homeowners-6- policy ("HO-6"), providing coverage to the extent needed to insure the Purchaser's Unit contents and to provide for general liability coverage within the Purchaser's Unit.

The Association may carry other insurance as required by their respective governing documents or by law. The amounts of insurance coverage and the deductible amounts are periodically determined by the Board, as applicable.

It is recommended that prospective purchasers review Section 11 of the Dodd Marsh Highlands Townhomes Declaration, which detail the insurance obligations of the Dodd Marsh Highlands Townhomes Association, respectively and the policies maintained.

9. **Other fees or Charges.** There are no current or expected fees, or charges, other than Assessments as detailed above, to be paid by Unit owners to the Association for the use of any improvements, facilities or amenities located on the Property.

10. **Expenses and Services not Reflected in Budget or Expenses Which May Become Common Expenses at a Subsequent Time.** Declarant is presently unaware of any expenses or services that are not reflected in the Estimated Annual Operating Budget that the Declarant itself provides, or any expenses that it pays and which it expects may become at any subsequent time as a Common Expense of the Association. Accordingly, there is no projected Common Expense

Assessment of which Declarant at this time is aware which would be attributable to any such supplies or services.

11. **Liens, Defects or Encumbrances Affecting Title to the Townhome After**

Conveyance. There will be no liens, defects or encumbrances which will continue to affect the title to any real property in which the members of the Community Association have or may have an interest, except for the following

- (a) Reservation of any minerals or mineral rights to the State of Minnesota;
- (b) Requirements of the Minnesota Common Interest Ownership Act, Chapter 515B, Minnesota Statutes, as amended;
- (c) Requirements, restrictions, easements, conditions, obligations, covenants and reservations contained in the Declaration of Dodd Marsh Highlands Townhomes, Bylaws and Unit plat of record, or any amendments thereto;
- (d) Building, housing and zoning laws, codes, ordinances and regulations federal, state and local;
- (e) Any mortgage given by Purchaser and encumbering the Unit together with its undivided interest in the Common Elements.

12. **Financing Offered by Declarant.** The Declarant does not offer financing in connection with the contemplated conveyance by Declarant to Purchaser.

13. **Project Approvals for Lenders.** The project has received final project approval from the following: [Federal Home Loan Mortgage Corporation (FHLMC)] [Department of Veterans Affairs (VA)] [Federal Housing Administration (FHA)].

14. **Terms of Warranties Provided by Declarant and Statutory Warranties.** Purchaser will be provided with the written warranties of the manufacturer of any appliances included in the transaction. These warranties may be found in or on the appliances covered.

Declarant makes no representations with respect to the expected useful lives of any of the structural components and mechanical and electrical installations material to the use and enjoyment of the Community.

The Declarant is aware of no defects in any infrastructure improvements undertaken by it that would violate the warranty standards described in Minnesota Statutes Section 515B.4-112(b).

In connection with the sale of the Unit Purchaser is purchasing, Declarant makes the express and implied warranties provided by law. The statutory warranties provided under

Minnesota Statutes Chapter 327A and Sections 515B.4-112 to 515B.4-115 are attached to this Disclosure and are incorporated herein by reference. Warranties imposed by law may be excluded or modified by Minnesota Statutes, Section 515B.4-114 and are subject to the statute of limitations for warranties, Minnesota Statutes Section 515B.4-115.

15. **Receipt/Provision of Disclosure Statement and Cancellation.** Declarant hereby advises Purchaser that pursuant to Minnesota Statutes, Section 515B.4-106:

- (a) Within fifteen (15) days after receipt of this Disclosure Statement, Purchaser may, prior to conveyance, cancel the Purchase Agreement Purchaser has entered into with Declarant;
- (b) If Purchaser receives the Disclosure Statement more than fifteen (15) days before Purchaser signs a Purchase Agreement, Purchaser cannot cancel the Purchase Agreement; and
- (c) If Declarant fails to provide a Disclosure Statement to Purchaser before conveying the Unit Purchaser is buying, then Declarant shall be liable to Purchaser in the amount of \$1,000, in addition to any other damages recoverable by Purchaser.

16. **Judgments or Pending Suits Against the Association.** Declarant, to the best of its knowledge, after reasonable inquiry, is unaware of any unsatisfied judgments or lawsuits to which the Association is a party, or of any pending suits that are material to the Planned Community or the Unit being purchased by Purchaser.

17. **Earnest Money.** The earnest money paid by Purchaser to Declarant in connection with the purchase of a Unit in the Planned Community will be held in a trust account by D.R. Horton Title Company of Minnesota until closing or until termination of the Purchase Agreement and will be returned to Purchaser if Purchaser cancels the Purchase Agreement pursuant to Section 515B.4-106 of the Minnesota Statutes. The address of D.R. Horton Title Company of Minnesota is 20860 Kenbridge Court, Suite 110, Lakeville, MN 55044.

18. **Financial Arrangements for Completion of Any Improvements Labeled "Must Be Built" Pursuant to Section 515B.4-118 of Minnesota Statutes.** Declarant has not labeled any improvements shown in the common interest community plat "MUST BE BUILT," as allowed under Section 515B.2-110 of Minnesota Statutes, and accordingly has made no financial arrangements for the completion of such improvements.

19. **Real Estate Taxes.** There are no delinquent taxes on the property on which the Community will be constructed. The amount of real estate taxes on the property on which the Community will be constructed (including the amount of any special Assessments certified for payment with real estate taxes) that is due and payable with respect to the Unit purchased will be as agreed upon in the Purchase Agreement between Declarant and Purchaser.

20. **Completion of Purchaser's Unit.** The Unit Purchaser is purchasing from Declarant will be substantially completed at the time of the contemplated conveyance.

21. **Minor Changes to Documents; Priority of Planned Community Documents.**

The Declarant retains the right to make minor, non-material changes to the Planned Community documents in order to comply with the requirements of the Dakota County Registrar of Titles, the Dakota County Recorder, the Dakota County Surveyor and other governmental agencies, and Declarant's Mortgagees. In the event of any discrepancy between the Planned Community documents and this Disclosure Statement, the language of the Planned Community documents shall control.

22. **Planned Community and Association Documents.** Attached hereto and incorporated herein are copies of the following documents related to the Planned Community and the Association:

Exhibits

- Exhibit A** Declaration of Dodd Marsh Highlands Townhomes.
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