

Exhibit "A"

CHAPTER 327A

HOUSING AND HOME IMPROVEMENT

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Subdivision 1. As used in section 327A.01 to 327A.07, the terms in this section shall have the meanings assigned to them.

Subd. 2. "Building standards," means the structural, mechanical, electrical, and quality standards of the home building industry for the geographic area in which the dwelling is situated.

Subd. 3. "Dwelling" means a new building, not previously occupied, constructed for the purpose of habitation; but does not include appurtenant recreational facilities, detached garages, driveways, walkways, patios, boundary walls, retaining walls not necessary for the structural stability of the dwelling, landscaping, fences, nonpermanent construction materials, off-site improvements, and all other similar items.

Subd. 4. "Initial vendee" means a person who first contracts to purchase a dwelling from a vendor for the purpose of habitation and not for resale in the ordinary course of trade.

Subd. 5. "Major construction defect" means actual damage to the load-bearing portion of the dwelling or the home improvement, including damage due to subsidence, expansion or lateral movement of the soil, which affects the load-bearing function and

which vitally affects or is imminently likely to affect use of the dwelling or the home improvement for residential purposes. "Major construction defect" does not include damage due to movement of the soil caused by flood, earthquake or other natural disaster.

Subd. 6. "Vendee" means any purchaser of a dwelling and includes the initial vendee and any subsequent purchasers.

Subd. 7. "Vendor" means any person, firm, or corporation which constructs dwellings for the purpose of sale, including the construction of dwellings on land owned by vendees.

Subd. 8. "Warranty date" means the date from and after which the statutory warranties provided in section 327A.02 shall be effective, and is the earliest of

- (a) The date of the initial vendee's first occupancy of the dwelling; or
- (b) The date on which the initial vendee takes legal or equitable title in the dwelling.

In the case of a home improvement, the warranty date is the date on which the home improvement work was completed

Subd. 9. "Home improvement" means the repairing, remodeling, altering, converting or modernizing of, or adding to a residential building. For the purpose of this definition, residential building does not include appurtenant recreational facilities, detached garages, driveways, walkways, patios, boundary walls, retaining walls not necessary for the structural stability of the building, landscaping, fences, nonpermanent construction materials, off-site improvements, and all other similar items.

Subd. 10. "Home improvement contractor" means a person who is engaged in the business of home improvement either full-time or part-time, and who holds himself or herself out to the public as having knowledge or skill peculiar to the business of home improvement.

Subd. 11. "Owner" means any person who owns a residential building on which home improvement work is performed, and includes any subsequent owner of the residential building.

327A.02 Statutory warranties

Subdivision 1. In every sale of a completed dwelling, and in every contract for

the sale of a dwelling to be completed, the vendor shall warrant to the vendee that:

(a) During the one year period from and after the warranty date the dwelling shall be free from defects caused by faulty workmanship and defective materials due to noncompliance with building standards;

(b) During the two year period from and after the warranty date, the dwelling shall be free from defects caused by faulty installation of plumbing, electrical, heating, and cooling systems; and

(c) During the ten-year period from and after the warranty date, the dwelling shall be free from major construction defects.

Subd. 2. The statutory warranties provided in this section shall survive the passing of legal or equitable title in the dwelling to the vendee.

Subd. 3. (a) In a sale or in a contract for the sale of home improvement work involving major structural changes or addition to a residential building, the home improvement contractor shall warrant to the owner that:

(1) During the one year period from and after the warranty date the home improvement shall be free from defects caused by faulty workmanship and defective materials due to noncompliance with building standards; and

(2) During the ten-year period from and after the warranty date the home improvement shall be free from major construction defects.

(b) In a sale or in a contract for the sale of home improvement work involving the installation of plumbing, electrical, heating or cooling systems, the home improvement contractor shall warrant to the owner that, during the two year period from and after the warranty date, the home improvement shall be free from defects caused by the faulty installation of the system or systems.

(c) In a sale or in contract for the sale of any home improvement work not covered by paragraphs (a) or (b) of this subdivision, the home improvement contractor shall warrant to the owner that, during the one year period from and after the warranty date, the home improvement shall be free from defects caused by faulty workmanship or defective materials due to noncompliance with building standards.

327A.03 Exclusions

The liability of the vendor or the home improvement contractor under sections 327A.01 to 327A.07 is limited to the specific items set forth in section 327A.01 to

327A.07 and does not extend to the following:

- (a) Loss or damage not reported by the vendee or the owner to the vendee or the home improvement contractor in writing within six months after the vendee or the owner discovers or should have discovered the loss or damage;
- (b) Loss or damage caused by defects in design, installation, or materials which the vendee or the owner supplied, installed, or had installed under his direction;
- (c) Secondary loss or damage such as personal injury or property damage;
- (d) Loss or damage from normal wear and tear;
- (e) Loss or damage from normal shrinkage caused by drying of the dwelling or the home improvement within tolerances of building standards;
- (f) Loss or damage from dampness and condensation due to insufficient ventilation after occupancy;
- (g) Loss or damage from negligence, improper maintenance or alteration of the dwelling or the home improvement by parties other than the vendor or the home improvement contractor;
- (h) Loss or damage from changes in grading of the ground around the dwelling or the home improvement by parties other than the vendor of the home improvement contractor:
 - (i) Landscaping or insect loss or damage;
 - (j) Loss or damage from failure to maintain the dwelling or the home improvement in good repair;
 - (k) Loss or damage which the vendee or the owner, whenever feasible, has not taken timely action to minimize;
 - (l) Loss or damage which occurs after the dwelling or the home improvement is no longer used primarily as a residence;
- (m) Accidental loss or damage usually described as acts of God, including, but not limited to: fire, explosion, smoke, water escape, windstorm, hail or lightning, falling trees, aircraft and vehicles, flood, and earthquake, except when the loss or damage is caused by failure to comply with building standards;

(n) Loss or damage from soil movement, which is compensated by legislation or covered by insurance;

(o) Loss or damage due to soil conditions where construction is done upon lands owned by the vendee or the owner and obtained by him from a source independent of the vendor or the home improvement contractor;

(p) In the case of home improvement work, loss or damage due to defects in the existing structure and systems not caused by the home improvement.

327A.04 Waiver and modification limited

Subdivision 1. Except as provided in subdivision 2 and 3 of this section, the provisions of sections 327A.01 to 327A.07 cannot be waived or modified by contract or otherwise. Any agreement which purports to waive or modify the provisions of sections 327A.01 to 327A.07, except as provided in subdivision 2 and 3 of this section, shall be void.

Subd. 2. At any time after a contract for the sale of a dwelling is entered into by and between a vendor and vendee or a contract for home improvement work is entered into by and between a home improvement contractor and an owner, any of the statutory warranties provided for in sections 327A.02 may be excluded or modified only by a written instrument printed in bold face type of a minimum size of ten points, which is signed by the vendee or the owner and which sets forth in detail the warranty involved, the consent of the vendee or the owner, and the terms of the new agreement contained in the writing. No exclusion or modification shall be effective unless the vendor or the home improvement contractor provides substitute express warranties offering substantially the same protections to the vendee or the owner as the statutory warranties set forth in section 327A. Any modification or exclusion agreed to by vendee or vendor or the owner and home improvement contractor pursuant to this subdivision shall not require the approval of the commissioner of administration pursuant to section 327A.07.

Subd. 3. If a major construction defect is discovered prior to the sale of a dwelling, the statutory warranty set forth in section 327A.02, subdivision 1, clause (c) may be waived for the defect identified in the waiver instrument, after full oral disclosure of the specific defect, by an instrument which sets forth in detail: the specific defect; the difference between the value of the dwelling without the defect and the value of the dwelling with the defect, as determined and attested to by an independent appraiser, contractor, insurance adjuster, engineer or any other similarly knowledgeable person selected by the vendee; the price reduction; the date the construction was completed; the legal description of the dwelling; the consent of the vendee to the waiver; and the signatures of the vendee, the vendor, and two

witnesses.

A single waiver agreed to pursuant to this subdivision may not apply to more than one major construction defect in a dwelling.

The waiver shall not be effective unless filed for recording with the county recorder or registrar of titles who shall file the waiver for record.

327A.05 Remedies

Subdivision 1. New home warranties. Upon breach of any warranty imposed by section 327A.02, subdivision 1, the vendee shall have a cause of action against the vendor for damages arising out of the breach, or for specific performance. Damages shall be limited to:

- (a) The amount necessary to remedy the defect or breach; or
- (b) The difference between the value of the dwelling without the defect and the value of the dwelling with the defect.

Subd. 2. Home improvement warranty. Upon breach of any warranty imposed by section 327A.02, subdivision 3, the owner shall have a cause of action against the home improvement contractor for damages arising out of the breach, or for specific performance. Damages shall be limited to the amount necessary to remedy the defect or breach.

327A.06 Other warranties

The statutory warranties provided for in section 327A.02 shall be in addition to all other warranties imposed by law or agreement. The remedies provided in section 327A.05 shall not be construed as limiting the remedies in any action not predicated upon breach of the statutory warranties imposed by section 327A.02.

327A.7 Variations

The commissioner of administration may approve pursuant to sections 14.05 to 14.28, variations from the provisions of sections 327A.02 and 327A.03 if the warranty program of the vendor or the home improvement contractor requesting the variation offers at least substantially the same protections to the vendee or owner as provided by the statutory warranties set forth in sections 327A.02.

327A.08 Limitations

Notwithstanding any other provision of Laws 1981, chapter 119, sections 1 to 10:

(a) The terms of the home improvement warranties required by Laws 1981, chapter 119, sections 1 to 10 commence upon completion of the home improvement and the term shall not be required to be renewed or extended if the home improvement contractor performs additional improvements required by warranty;

(b) The home improvement warranties required by Laws 1981, chapter 119, sections 1 to 10 shall not include products or materials installed that are already covered by implied or written warranty; and

(c) The home improvement warranties required by Laws 1981, chapter 119, section 1 to 10 are intended to be implied warranties imposing an affirmative obligation upon home improvement contractors, and Laws 1981, chapter 119, sections 1 to 10 do not require that written warranty instruments be created and conveyed to the owner.

EXHIBIT "B"

STATUTORY WARRANTIES MINN. STAT. SECTIONS 515B.4-112 THROUGH 515B.4-115

515B.4-112. Express warranties

(a) Express warranties made by a declarant or an affiliate of a declarant to a purchaser of a unit, if reasonably relied upon by the purchaser, are created as follows:

(1) Any affirmation of fact or promise which relates to the unit; use of the unit; rights appurtenant to the unit; improvements to the common interest community that would directly benefit the purchaser or the unit; or the right to use or have the benefit of facilities which are not a part of the common interest community, creates an express warranty that the unit and related rights and uses will conform to the affirmation or promise.

(2) Any model or description of the physical characteristics of a unit or the common interest community, including plans and specifications of or for a unit or other improvements located in the common interest community, creates an express warranty that the unit and the common interest community will conform to the model or description. A notice prominently displayed on a model or included in a description shall prevent a purchaser from reasonably relying upon the model or description to the extent of the disclaimer set forth in the notice.

(3) Any description of the quantity or extent of the real estate comprising the common interest community, including plats or surveys, creates an express warranty that the common interest community will conform to the description, subject to customary tolerances.

(b) Neither the form of the word "warranty" or "guaranty", nor a specific intention to make a warranty are necessary to create an express warranty of quality, but a statement purporting to be merely an opinion or commendation of the real estate or its value does not create a warranty.

(c) Any conveyance of a unit transfers to the purchaser all express warranties.

515B.4-113. Implied warranties

(a) A declarant warrants to a purchaser that a unit will be in at least as good condition at the earlier of the time of the conveyance or delivery of possession as it was at the time of contracting, reasonable wear and tear excepted.

(b) A declarant warrants to a purchaser that:

(1) a unit and the common elements in the common interest community are

suitable for the ordinary uses of real estate of its type; and

(2) any improvements subject to use rights by the purchaser, made or contracted for by the declarant, or made by any person in contemplation of the creation of the common interest community, will be (i) free from defective materials and (ii) constructed in and accordance with applicable law, according to sound engineering and construction standards, and in a workmanlike manner.

(c) In addition, a declarant warrants to a purchaser of a unit, which under the declaration is available for residential use that the residential use will not violate applicable law at the earlier of the time of conveyance or delivery of possession.

(d) Warranties imposed by this section may be excluded or modified only as specified in section 515B.4-114.

(e) For purposes of this section, improvements made or contracted for by an affiliate of a declarant are made or contracted for by the declarant.

(f) Any conveyance of a unit transfers to the purchaser all implied warranties.

(g) This section does not in any manner abrogate the provisions of chapter 327A relating to statutory warranties for housing, or affect any other cause of action under a statute or the common law.

515B.4-114. Exclusion or modification of implied warranties

(a) With respect to a unit available for residential use, no general disclaimer of implied warranties is effective, but a declarant may disclaim liability in an instrument separate from the purchase agreement signed by the purchaser for a specified defect or specified failure to copy with applicable law, if the defect or failure entered into and became a part of the basis of the bargain.

(b) With respect to a unit restricted to nonresidential use, implied warranties:

(1) may be excluded or modified by agreement of the parties; and

(2) are excluded by expression of disclaimer, such as "as is, with all faults," or other language that in common understanding calls the purchaser's attention to the exclusion of warranties.

515B.4-115. Statute of limitations for warranties

(a) A judicial proceeding for breach of an obligation arising under section 515B.4-106(d), shall be commenced within six months after the conveyance of the unit.

(b) A judicial proceeding for breach of an obligation arising under section 515B.4-112 or 515B.4-113 shall be commenced within six years after the cause of action accrues, but the parties may agree to reduce the period of limitation to not less than two years. With respect to a unit that may be occupied for residential use, an agreement to reduce the period of limitation must be evidenced by an instrument separate from the purchase agreement signed by the purchaser.

(c) Subject to subsection (d), a cause of action under section 515B.4-112 or 515B.4-113, regardless of the purchasers lack of knowledge of the breach, accrues:

(1) as to a unit, at the earlier of the time of conveyance of the unit by the declarant to a bona fide purchaser of the unit other than an affiliate of a declarant, or the time the purchaser enters into possession of the unit; and

(2) as to each common element, the latest of (i) the time the common element is completed, (ii) the time the first unit in the condominium is conveyed to a bona fide purchaser, or if the common element is located on property that is additional real estate at the time the first unit therein is conveyed to a bona fide purchaser, or (iii) the termination of the period of declarant control.

(d) If a warranty explicitly extends to future performance or duration of any improvement or component of the common interest community, the cause of action accrues at the time the breach is discovered or at the end of the period for which the warranty explicitly extends, whichever is earlier.

WINDSOR PARK THIRD ADDITION DISCLOSURE STATEMENT

1. The name of the common interest community is Windsor Park Third Addition, which is Common Interest Community No. __.
2. The name and principal address of the declarant is Cascade I Land Co., LLC, 555 - 3rd Street Northwest, Elk River, Minnesota 55330.
3. This is a planned community consisting of 88 residential dwelling sites.
4. Windsor Park Third Addition is a newly platted residential development located near Elk River, Minnesota. There are 88 units upon which single family dwellings will be constructed. There is one existing dwelling in the development. The construction and use of the dwellings is subject to certain building restrictions and other regulations as controlled by an architectural control committee and the Declaration. The maintenance and repair of the common areas will be administered by the Windsor Park Third Homeowners Association.
5. Windsor Park Third Addition will have a number of improvements which the declarant is responsible for completing. The improvements and dates of commencement and estimated completion are as follows:
 - a. Roads. Commencement date: already commenced.
Completion date: by end of October 2002.
 - b. Sidewalk Park Trails. Commencement date: already commenced.
Completion date: October 2002.
 - c. Common Waste Water Treatment System. Commencement date: already commenced. Completion date: October 2002.
6. There are no known expenses or services not reflected in the budget, that the declarant pays or provides, which may become a common expense of the association and no alternative assessment program has been established.
7. An initial fee of \$400.00 is due from the purchaser to the association at closing, to be deposited in the association's working capital fund. In addition, the purchaser may be required to pay a pro rata portion of regular association fees payable in the month of closing.

I hereby acknowledge receipt of a copy of the foregoing disclosures on the date listed below.

Date: _____

re:rdg-diac