

DISCLOSURE STATEMENT REGARDING

Burgen Sunrise

a Planned Community

Common Interest Community No. 216

DECLARANT, Blue Spruce Development, Inc., a Minnesota corporation, hereby provides the following Disclosure Statement with regard to Burgen Sunrise, a Planned Community, Common Interest Community No. 216.

- 1. Name of the Planned Community:** Burgen Sunrise, Common Interest Community No. 216.
- 2. Name and principal address of the Declarant:** Blue Spruce Development, Inc., 1503 Will-O-B Lane, Alexandria, MN 56308.
- 3. Number of units in the Common Interest Community and a statement that the Common Interest Community is either a Condominium, Cooperative, or Planned Community:** The Common Interest Community is a Planned Community rather than a Condominium or a Cooperative and consists of thirty-one (31) Units.
- 4. General description of the Common Interest Community, including, to the extent possible, the types and number of buildings:** The Common Interest Community will consist of thirty-one (31) residential Dwelling Units contained upon Lots 1 through 3, Block One; Lots 1 through 25, Block Two; and Lots 1 through 3, Block Three; all in Burgen Sunrise, Common Interest Community No. 216. The Common Interest Community involves new construction by the Purchaser of such Dwelling Units and involves new construction by the Declarant of improvements pursuant to Section 5. At the time this Disclosure is provided to purchaser, there are no Common Elements.
- 5. Declarant's schedule of commencement and completion of construction of any buildings and other improvements that the Declarant is obligated to build pursuant to Section 515B.4-118:** Declarant is not obligated to construct any buildings pursuant to Section 515B.4-118. Declarant shall construct a public asphalt road, curb, gutter, sanitary sewer, and storm sewer in the Common Interest Community. Such construction intends to be commenced and completed during the 2006-2007 construction season.
- 6. Any Expenses or Services, not reflected in the budget, that the Declarant pays or provides, which may become a common expense of the Association; the projected common expense attributable to each of those expenses or services for the Association; and a detailed explanation of any alternative assessment program established pursuant to Section 515B.3-115(b) and (d):** Declarant does not pay or provide any expenses or services not reflected in the budget. The alternative assessment program established pursuant to Minnesota Statute Section 515B.3-115 is as set forth in Section 6.5 of the Declaration.
- 7. Any initial or special fee due from the purchaser to the Declarant or the Association at closing, together with a description of the purpose and method of calculating**

the fee: Purchaser is not required to pay an initial or special fee at closing other than the first monthly assessment as provided in Section 6. of the Declaration.

8. Identification of any liens, defects, or encumbrances which will continue to affect the title to a unit or to any real property owned by the Association after the contemplated conveyance: Each Unit will be free and clear of all encumbrances after the contemplated conveyance to the Purchaser, other than the following:

- (i) Declaration of Burgen Sunrise;
- (ii) Applicable, Local, State and Federal Ordinance, Statutes and Regulations;
- (iii) Governing Documents of Burgen Sunrise;
- (iv) Conservation Easement in favor of the City of Alexandria with respect to all or a portion of Lots 14 through 25, Block Two; Burgen Sunrise, Common Interest Community No. 216.

9. Description of any financing offered or arranged by the Declarant: None.

10. Statement as to whether the Common Interest Community has received any final project approvals from the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Department of Housing and Urban Development (HUD) or Department of Veterans Affairs (VA): Declarant has neither sought nor received final project approvals from FNMA, FHLMC, HUD, or VA.

11. Terms of any warranties provided by the Declarant, including copies of Chapter 327A and Sections 515B.4-112 through 515B.4-115, and a statement of any limitations on the enforcement of warranties or on damages: Inapplicable, as the contemplated conveyance involves the purchase of a vacant lot, subject to all terms of Reservation Agreement or Purchase Agreement, as applicable, and other Association documents as referenced in Section 8 of this Disclosure Statement.

12. You are provided with the following statement: (i) within ten (10) days after the receipt of a Disclosure Statement, a purchaser may cancel any contract for the purchase of a Unit from a Declarant; provided, that the right to cancel terminates upon the purchaser's voluntary acceptance of a conveyance of the Unit from the Declarant; (ii) if a purchaser receives a Disclosure Statement more than ten (10) days before signing a Purchase Agreement, the purchaser cannot cancel the Purchase Agreement; and (iii) if a Declarant obligated to deliver a Disclosure Statement fails to deliver a Disclosure Statement which substantially complies with this Chapter to a purchaser to whom a Unit is conveyed, the Declarant shall be liable to the purchaser as provided in Section 515B.4-106(d).

13. Judgments or lawsuits to which the Association is a party. To the extent of the Declarant's or an affiliate of a Declarant's actual knowledge, after reasonable inquiry, there are no unsatisfied judgments or lawsuits to which the Association is a party.

14. Escrow Money. Any earnest money paid in connection with the purchase of a Unit will be held in an escrow account until closing, or until the termination of the Purchase Agreement, and will be returned to the purchaser if the purchaser cancels the contract pursuant to Section 515B.4-106. The name and address of the escrow agent is as follows: Randy Fischer,

Counselor Realty, 211 Broadway, Alexandria, Minnesota 56308. All earnest money shall be held in the escrow account until (i) delivered to Declarant at closing; (ii) delivered to Declarant because of Purchaser's default under the Purchase Agreement; (iii) delivered to the Purchaser pursuant to Minnesota Statute Section 515B.4-106 or the provisions of a Purchase Agreement due to timely rescission by Purchaser; or (iv) delivered for payment of construction costs pursuant to a written Purchase Agreement between Declarant and the Purchaser.

15. A detailed description of the insurance coverage provided for the benefit of Unit owners, including any fixtures, decorating items or construction items within a Unit which are not required to be insured by the Association: The Association shall provide general liability coverage as more fully set forth in Section 10 of the Declaration. Each owner of individual Units shall carry insurance for his/her own benefit insuring against personal liability and insuring the Owner's Unit, dwelling, furniture, furnishings and other personal property and fixtures.

16. Any current or expected fees or charges, other than assessments for common expenses, to be paid by Unit owners for the use of the common elements or any other improvements or facilities: Declarant does not presently anticipate that any fees or charges, other than assessments for common expenses, will be required for the use of any improvements or facilities.

17. The financial arrangements, including any contingencies, which have been made to provide for completion of all improvements that the Declarant is obligated to build pursuant to Section 515B.4-118, or a statement that no such arrangements have been made: No such arrangements have been made.

18. Real Estate Taxes. The real estate taxes for the Unit being purchased by purchaser are not delinquent. The Assessor for the City of Alexandria has not yet determined the exact amount of real estate taxes which will be due and payable with respect to the Unit for which this Disclosure Statement is given. The real estate taxes due and payable in the year of sale shall be prorated as of the date of closing. The Declarant does not make any representation or warranty whatsoever concerning the amount of real estate taxes which may be assessed against a Unit. The Declarant does not anticipate that any special assessments will be owing in connection with any Unit, other than the Douglas County incinerator assessment.

19. Association Documents. Along with this Disclosure Statement, a Projected Annual Budget, as described in Section 20 below, the Declaration, Articles of Incorporation, and By-Laws of the Association are being provided by Declarant to Purchaser.

20. Projected Annual Budget. A projected annual budget including the reserve for maintenance, repair and replacement, the projected common expense for each category of expenditures for the Association, and the projected monthly common expense assessment for each Unit, for the Association for the year in which the first Unit is conveyed to a purchaser, or the current annual budget of the Association, (as the case may be), is being provided by Declarant to purchaser along with this Disclosure Statement. Declarant is responsible for the preparation of

the initial projected annual budget for the Association and the Board of Directors is responsible for the preparation of any current annual budget thereafter.

Dated this _____ day of _____, 2006.

BLUE SPRUCE DEVELOPMENT, INC.
A MINNESOTA CORPORATION

By _____
Benedict J. Zacher, Its President

By _____
Carol J. Zacher, Its Secretary/Treasurer