


# Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

# MINNESOTA STATE REGULATIONS

Notice of filing by the Commissioner of Administration

We have received on this date, stamped and filed 2 copies of Rules and Regulations pertaining to the Department of Commerce
(Agency or Board)

Regulation No. 5 Div 83.30 thru 83.38 (new) coded wrong

Subject: Miscellaneous - Subdivided Lands

Department of Administration
Publication, Central Services Division
Documents Section
140 Centennial Office Building
St. Paul, Minnesota 55155
Telephone: (612) 296-2874

FILED
RICHARD L. BRUBACHER
Commissioner of Administration

MAR 4 1974 10:30 am

BY Eda Staudenmaier
AUTH. SIGNATURE EJ

Stamped and filed with the Secretary of State 3-4-74

Rev. 9-72

Recd. 2-11-74 #36

**STATE OF MINNESOTA**
**DEPARTMENT OF COMMERCE**
ST. PAUL, MINNESOTA 55155

February 11, 1974

HAND DELIVERED FEBRUARY 11, 1974

Mr. J. Patrick Wilcox
Special Assistant Attorney General
Room 208, Administration Building
St. Paul, Minnesota 55155

Re: Rules and Regulations under the Laws of Minnesota 1973, Chapter 413

Dear Mr. Wilcox:

The Securities Division of the Department of Commerce is in the process of promulgating rules and regulations under the Laws of Minnesota, 1973, Chapter 413 (codified as Minn. Stat. 1973, Chapter 83). As required by the rules and regulations of the Attorney General, attached are the following:

1. Five copies of the regulations as adopted.

2. Three copies of the regulations as proposed.

3. Three copies of the Order of Hearing.

4. Three copies of the Notice of Hearing.

5. Three copies of the Secretary of State's list with attached certificate.

6. Three copies of the Affidavit of Mailing.

7. Three copies of the Statement of Need.

8. Three copies of the Findings of Fact.

9. Three copies of the Order Adopting Rules.

10. A copy of the transcript of the hearing concerning said rules and written comments submitted thereon.

If you have any question or comment concerning the enclosed material, feel free to contact Commissioner Edward J. Driscoll or the undersigned at any time.

Very truly yours,

EDWARD J. DRISCOLL
Commissioner of Securities

BY: JOHN R. LARSON
Senior Securities Examiner

JRL:bb

C.D. (1)

STATE OF MINNESOTA
COUNTY OF RAMSEY

BEFORE EDWARD J. DRISCOLL
COMMISSIONER OF SECURITIES

In the matter of the Proposed Adoption of Rules of the State Securities Division governing Subdivided Lands; the regulation of the disposition of lots, parcels, units or interests in lands within real estate subdivisions; to require registration; to protect the purchaser from unfair and deceptive trade practices; to provide for the filing of bonds and performance assurances; to regulate advertising, promotion and sales contracts under Minn. Laws 1973, Chapter 413.

ORDER FOR HEARING

To effectively implement Minn. Laws 1973, Chapter 413, the Minnesota Commissioner of Securities deems it necessary to consider adoption of the proposed rules captioned above pursuant to the authority vested in me by Minn. Laws 1973, Chapter 413, Sec. 19.

NOW, THEREFORE, IT IS ORDERED this 5th day of October, 1973, that a public hearing on the proposed rules captioned above be held in the Hearings Room of the Department of Commerce, Fifth Floor, Metro Square Building, Seventh and Robert Streets, St. Paul, Minnesota, on November 14, 1973, commencing at 9:00 A.M. and continuing until all representatives have had an opportunity to be heard.

IT IS FURTHER ORDERED that notice of said hearing be given to all representatives of associations or other interested groups or persons who have registered their names with the Secretary of State for that purpose and all persons who are presently members of the Minnesota Legislature.

STATE OF MINNESOTA
SECURITIES DIVISION

Edward J. Driscoll

EDWARD J. DRISCOLL
Commissioner of Securities

STATE OF MINNESOTA
COUNTY OF RAMSEY

BEFORE EDWARD J. DRISCOLL
COMMISSIONER OF SECURITIES

In the matter of Proposed Rules Relating to Subdivided Lands; the regulation of the disposition of lots, parcels, units or interests in lands within real estate subdivisions; to require registration; to protect the purchaser from unfair and deceptive trade practices; to provide for the filing of bonds and performance assurances; to regulate advertising, promotion and sales contracts; under Minn. Laws 1973, Chapter 413.

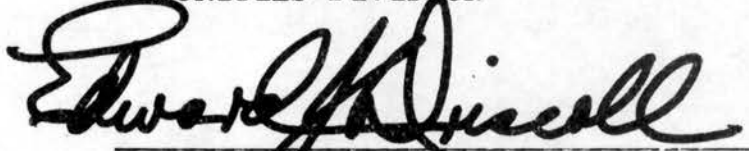
NOTICE OF HEARING

Notice is hereby given that a public hearing will be held pursuant to Minnesota Statutes 1973, Section 15.0412, Subd. 4, in the above entitled matter in the Hearings Room of the Department of Commerce, Fifth Floor, Metro Square Building, Seventh and Robert Streets, St. Paul, Minnesota on Wednesday, November 14, 1973, commencing at 9:00 A.M. and continuing until all representatives or other interested groups of persons have had an opportunity to be heard concerning adoption of the proposed rules captioned above by submitting either oral or written data, statements, or arguments. Statements or briefs may be submitted without appearing at the hearing.

The Commissioner proposes to adopt rules relating to the following matters: advertising; registration forms; operating and maintenance funds during start-up; licenses, permits or written approval; computation of time; guidelines for public offering statements; statement of subdivider forms; fraudulent, deceptive, misleading or unfair and inequitable acts; annual report forms; blanket encumbrances; operating procedures; recordable instruments; and apportionment of taxes.

Copies of the proposed rules are now available and may be obtained by writing to Joseph Bentheimer, Real Estate Section, Department of Commerce, 5th Floor, Metro Square Building, St. Paul, Minnesota 55155.

STATE OF MINNESOTA
SECURITIES DIVISION



EDWARD J. DRISCOLL
Commissioner of Securities

C.D. (4)

STATE OF MINNESOTA
COUNTY OF RAMSEY

In the matter of Proposed Rules Relating to Subdivided Lands; the regulation of the disposition of lots, parcels, units or interests in lands within real estate subdivisions; to require registration; to protect the purchaser from unfair and deceptive trade practices; to provide for the filing of bonds and performance assurances; to regulate advertising, promotion and sales contracts; under Minn. Laws 1973, Chapter 413.

AFFIDAVIT of MAILING

Michael Perry being first duly sworn, deposes and says:

That on the 11th day of October, 1973, at the City of St. Paul, County of Ramsey, State of Minnesota, he served the attached Notice of Hearing by depositing in the United States mail at said City of St. Paul, a true and correct copy thereof, properly enveloped, with postage prepaid, to attached Certificate of the Secretary of State as well as to all persons listed on the attached sheet as presently being members of the Minnesota Legislature.

Michael Perry

Subscribed and sworn to before me
this 11th day of October, 1973.

Margaret M. Hansen

MARGARET M. HANSEN
Notary Public, Ramsey County, Minn.
My Commission Expires, April 15, 1978

STATE OF MINNESOTA
COUNTY OF RAMSEY

BEFORE EDWARD J. DRISCOLL
COMMISSIONER OF SECURITIES

In the matter of the Proposed Rules Relating to Subdivided Lands; the regulation of the disposition of lots, parcels, units or interests in lands within real estate subdivisions; to require registration; to protect the purchaser from unfair and deceptive trade practices; to provide for the filing of bonds and performance assurances; to regulate advertising, promotion and sales contracts; under Minn. Laws 1973, Chapter 413.

STATEMENT OF NEED

The Securities Division of the Department of Commerce, State of Minnesota, proposes to adopt rules to implement Chapter 413 of the Laws of Minnesota, 1973, (hereinafter referred to as "The Act") known as the Minnesota Land Sales Practices Act. These rules are not amendments of existing rules, but de novo proposals to implement the subject legislation.

The need to adopt the proposed rules arises by way of legislative mandate. Rules are proposed to be adopted in accordance with Section 4 of The Act pertaining to the application for registration of subdivided lands; Section 5 pertaining to the form of public offering statements; Section 9 pertaining to sales contracts and rescission of such contracts; Section 10, Subdivision 2, which confers power upon the Commissioner of Securities to deny applications for registration on the basis, among others, that the proposed promotional plan or advertising is or tends to be fraudulent, deceptive or misleading, that the sale of lands work or tend to work a fraud or deception on the purchaser thereof, that the sale of lands would be unfair or inequitable to the purchasers thereof, and that the subdivider has violated any provisions of The Act or any order or rule of the Commissioner; pursuant to Section 11 pertaining to forms to be used for the filing of annual reports; pursuant to Section 14 pertaining to rules concerning the sale of subdivided land subject to a blanket encumbrance; and generally pursuant to Section 19 which authorizes the adoption of rules and regulations

to implement Sections 1 through 23 of The Act. Rules proposed to be adopted pursuant to Section 19 may include, but are not limited to provisions relating to advertising standards, escrow or trust agreements or other means reasonably designed to assure that all improvements referred to in the application for registration and advertising will be completed and to assure that purchasers will receive the interest in land contracted for, provisions relating to operating procedures, provisions requiring instruments to be executed in a recordable form, and provisions relating to apportionment of taxes among purchasers.

The above captioned rules are necessary to implement and make effective the provisions and purposes of The Act and to establish objective standards for the purpose of advising those subject to The Act of their rights and obligations thereunder.

November 14, 1973

Edward J. Driscoll

EDWARD J. DRISCOLL
Commissioner of Securities

STATE OF MINNESOTA

COUNTY OF RAMSEY

BEFORE EDWARD J. DRISCOLL

COMMISSIONER OF SECURITIES

In the matter of Proposed Rules Relating to Subdivided Lands; the regulation of the disposition of lots, parcels, units or interests in lands within real estate subdivisions; to require registration; to protect the purchaser from unfair and deceptive trade practices; to provide for the filing of bonds and performance assurances; to regulate advertising, promotion and sales contracts; under Minn. Laws 1973, Chapter 413.

FINDINGS OF FACT

The above-entitled matter came on for hearing before the Securities Commissioner of the State of Minnesota on the 14th day of November, 1973, at 9 o'clock A.M. in the Commerce Department Hearings Room, Metro Square Building, St. Paul, Minnesota, after proper notice required by Minnesota Statutes 1971, Section 15.0412 was served upon all persons, associations and other interested groups registered with the Secretary of State for that purpose.

After affording interested persons an opportunity to present written and oral data, statements and arguments, having heard all of the testimony, having considered all of the evidence adduced and upon the records, files and proceedings herein, I find the following:

That the Laws of Minnesota, 1973, Chapter 413, Section 4, Subdivision 3, provides: "The application for registration of subdivided lands shall be filed with the Commissioner as prescribed by rule". Rules have been proposed setting forth the forms upon which an application for registration may be made. The need for such rules is essential to the functioning of this office. The information requested in the application form is that set forth in Section 4, Subdivision 3 of the Laws of Minnesota, 1973, Chapter 413. No credible evidence contrary to this finding was adduced at the hearing.

That the Laws of Minnesota, 1973, Chapter 413, Section 5, Subdivision 2 provides: "A proposed public offering statement submitted to the Commissioner shall be in a form prescribed by rule...." Rules have been proposed in accordance

with this section of the law. Such rules are absolutely necessary to implement the provisions of Minnesota Laws, 1973, Chapter 413. No credible evidence contrary to this finding was adduced at the hearing.

That the Laws of Minnesota, 1973, Chapter 413, Section 7, Subdivision 2(b) which provides: "Involving the offering of not more than fifty separate lots, parcels, units or interests within any period of twelve consecutive months, if the subdivider or his agent shall have furnished to the Commissioner, not less than twenty days prior to the confirmation of such disposition, a filing fee of $10.00 and a statement of the subdivider on forms prescribed by the Commissioner...." Forms have been proposed in accordance with this section of the law and require the information set forth in Minnesota Statutes, 1973, Chapter 413, Section 7, Subdivision 2(b).

That the Laws of Minnesota, 1973, Chapter 413, Section 10, Subdivision 2 provides:

> "If the Commissioner determines upon inquiry and examination: (1) that any of the requirements of Sections 83.20 to 83.42 or the rules promulgated pursuant to Sections 83.20 to 83.42 have not been met; (2) that the proposed promotional plan or advertising is or tends to be fraudulent or deceptive or misleading; (3) that the sales of the lands would work or tend to work a fraud or deception on the purchasers thereof; (4) that the sales of the lands would be unfair or inequitable to the purchasers thereof; (5) that the subdivider has violated any of the provisions of Sections 83.20 to 83.42 or any order or rule of the Commissioner;..."

Pursuant to the general rule making authority in Minnesota Laws, 1973, Chapter 413, Section 19, rules have been proposed in accordance with this section of the law. The Securities Division has taken administrative notice of the lack of disclosure, fraudulent, deceptive or misleading activities, and unfair or inequitable transactions that have occurred in the offer and sale of subdivided lands both in this jurisdiction and others. After reviewing the comments received orally and in writing, the rules have been amended. No credible evidence contrary to the amended rules was adduced at the hearing.

That the Laws of Minnesota, 1973, Chapter 413, Section 11, Subdivision 1 provides: "Within thirty days after each annual anniversary date of an order registering subdivided lands, the subdivider shall file a report in the form prescribed

by rule of the Commissioner." Rules have been proposed in accordance with this section of the law. The Securities Division has taken administrative notice of the necessity for such forms. No credible evidence contrary to this finding was adduced at the hearing.

That the Laws of Minnesota, 1973, Chapter 413, Section 14, Subdivision 1 provides: "A person may not sell lots, units, parcels or interests within a subdivision subject to a blanket encumbrance unless he has complied with such rules as the Commissioner may promulgate concerning such sales, which rules shall be specific requirements for the protection of the purchaser." Rules have been proposed in accordance with this section of the law. The Securities Division has taken administrative notice of the need for the protection of purchasers of subdivided land. No credible evidence contrary to this finding was adduced at the hearing.

That the Laws of Minnesota, 1973, Chapter 413, Section 19, Subdivision 1 provides in part: "The Commissioner may adopt rules and regulations to implement the provisions of Sections 83.20 to 83.42." Pursuant to this section of the law, rules have been proposed in the area of (a) advertising standards to assure full and fair disclosure, (b) escrow or trust agreements or other means reasonably to assure that all improvements referred to in the applications for registration and advertising will be completed and that purchasers will receive the interest in land contracted for, (c) operating procedures, (d) the requirement that instruments be executed in recordable form, and (e) the apportionment of taxes among purchasers. The Securities Division has taken administrative notice of the complaints received, both orally and in writing, in the above-mentioned areas. The Securities Division has also taken notice of the comments received both orally and in writing at the hearing. The rules and regulations have been amended in accordance with such comments. No credible evidence contrary to the amended rules and regulations was adduced at the hearing.

Dated February 11, 1974

STATE OF MINNESOTA
SECURITIES DIVISION

Edward J. Driscoll

EDWARD J. DRISCOLL
State Securities Commissioner

STATE OF MINNESOTA
COUNTY OF RAMSEY

BEFORE EDWARD J. DRISCOLL
COMMISSIONER OF SECURITIES

In the matter of Proposed Rules Relating to Subdivided Lands; the regulation of the disposition of lots, parcels, units or interests in lands within real estate subdivisions; to require registration; to protect the purchaser from unfair and deceptive trade practices; to provide for the filing of bonds and performance assurances; to regulate advertising, promotion and sales contracts; under Minn. Laws 1973, Chapter 413.

ORDER ADOPTING RULES

The above-entitled matter came on for hearing before the Securities Commissioner of the State of Minnesota on the 14th day of November, 1973, at 9 o'clock A. M. in the Commerce Department Hearings Room, Metro Square Building, St. Paul, Minnesota after proper notice required by M.S. 1971, Section 15.0412 was served upon all persons, associations and other interest groups registered with the Secretary of State for that purpose.

After affording interested persons an opportunity to present written and oral data, statements and arguments, having heard all of the testimony, having considered all of the evidence adduced and upon the records, files and proceedings herein, and applicable statutory standards or criteria, and having confirmed the need for the above-captioned rules.

NOW, THEREFORE, IT IS ORDERED that the rules identified as Proposed Rules Relating to Subdivided Lands; the regulation of the disposition of lots, parcels, units or interests in lands within real estate subdivisions; to require registration; to protect the purchaser from unfair and deceptive trade practices; to provide for the filing of bonds and performance assurances; to regulate advertising, promotion and sales contracts under Minnesota Laws 1973, Chapter 413 are adopted this 11th day of February, 1974, pursuant to authority vested in me by Minnesota Laws 1973, Chapter 413.

STATE OF MINNESOTA
SECURITIES DIVISION

Edward J. Driscoll

EDWARD J. DRISCOLL
Commissioner of Securities

RULES AND REGULATIONS FOR MINNESOTA LAWS 1973 SUPPLEMENT, CHAPTER 83.

SDiv 83.20(1), Subd. 1. Advertising.

All advertising as defined in Minn. Stat. 1973, Section 83.20, Subdivision 1 shall be filed with the Commissioner prior to its use. All advertising shall satisfy the requirements specified herein and such additional requirements as the Commissioner may impose to assure full and fair disclosure for the protection of purchasers. The subdivider or applicant shall submit a true copy of any advertisement to be used in connection with the offering as an exhibit or amendment to the public offering statement.

Subd. 2. Definitions. For the purposes of advertising, the terms defined herein shall have the following meanings:

(1) Fully improved lots - lots may be described as fully improved only if the subdivision has paved roads, including concrete or asphalt, community or public water and sewer systems, gas, electricity and telephone.

(2) Improved lots - means lots that are not fully improved because of lack of one or more of the requisite improvements as provided in paragraph (1) above.

(3) Unimproved lots - lots shall be described as unimproved when they have not been provided with any requisite improvements as provided in paragraph (1) above.

Subd. 3. General Standards.

(1) All claims or representations contained in any advertising shall be accurate and provable.

(2) It shall be fraudulent or misleading for any person in connection with the offer, sale or purchase of any subdivided lands, directly or indirectly:

(a) to employ any device, scheme or artifice to defraud,

(b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or

(c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

Subd. 4. Subdivision Advertising Criteria.

The use of any advertisement, including but not limited to print, radio broadcast or telecast concerning subdivided lands which contains any of the following, shall be presumed to be fraudulent, deceptive or misleading as provided in Minn. Stat. 1973, Section 83.29, Subdivision 2(2).

(1) The use of a name or trade style which implies that the subdivider, his agent or affiliate is a bona fide research organization, public bureau, non-profit group, or other similar establishment, when such is not the case.

(2) Reference to any improvement, facility, or utility in the subdivision which does not actually exist or is not yet completed unless completion is assured within a reasonable time by bonding or other means acceptable to the Commissioner.

(3) Reference to streets, roads, sewers, drainage or other utilities or conveniences which have not been accepted for maintenance by the subdivider or any other entity, unless such fact is fully disclosed.

(4) Reference to the availability of financing for on-site construction, unless written evidence thereof is in the possession of the subdivider and is available for inspection by prospective purchasers.

(5) Reference to unimproved subdivided lands as "developments" or "homesites" or other similar expressions, without reciting the improvements, if any, provided or to be provided by the subdivider. If no improvements are to be provided by the subdivider, the advertisement shall so state.

(6) Reference to roads which fail to disclose the true nature thereof and reference to such roads as improved unless they conform to applicable county or planned development specifications and have concrete, asphalt or other surfaces acceptable to the Commissioner.

(7) Proposed rule withdrawn, Reserved for future use.

(8) Reference to points of interest, to cities or towns, to facilities or features located more than one mile from the nearest point in the subdivision, unless the distance in road miles along existing roads and the nature thereof is included.

(9) The use of "artists' conceptions" or renderings of the property and/or facilities, unless they are captioned as such and the subject matter of the conception or rendering has been bonded pursuant to SDiv. 83.23(3)-12, Subd. 2.

(10) The use of maps to show proximity to other communities or points of interest, unless such maps are drawn to scale and the scale appears on the map together with a statement of the distance in miles.

(11) For subdivisions proposing the purchaser supply his own water, reference to the water supply by the use of such superlatives or phrases as "abundant water," "plenty of water" or terms of similar import.

(12) Unqualified reference to any utility services as "available," unless such utility services are installed and ready for use, or adequate financial arrangements have been made for their installation.

(13) Reference to any facilities not a part of the subdivision which are to be constructed by the subdivider, which do not actually exist or are not completed, unless adequate financial arrangements have been made for such facilities.

(14) Reference to any clubs, clubhouses or recreational facilities unless a reasonable estimate of the cost and any limitations or restrictions on use are fully disclosed in the public offering statement.

(15) Use of the words "exclusive" or "private" or words connoting the same when the general public has the right to access of any kind to any portion of the subdivision, unless the public rights to access are fully disclosed.

(16) Reference to property as "waterfront" unless the property being offered actually fronts on a canal or other body of water.

(17) The use of forecasts of future events or population trends unless such forecast was prepared on a current basis by a valid government regulatory or information agency.

(18) The use of reprints of published material unless the information contained in the reprint is representative, truthful, relevant and pertinent to the subdivision being offered.

(19) The advertising of a lot as "free" if the purchaser is required to give any consideration whatsoever, and lots shall not be advertised for "closing costs only" when the closing costs are substantially more than normal, or when an additional lot or lots must be purchased at a higher price or to render the "free" lot usable.

(20) Reference to pre-development sales at a lower price because the land has not yet been developed unless there are plans of development, and a subdivision plat has been recorded.

(21) Reference that the property being offered for sale may be subdivided or re-subdivided unless it includes all necessary and relevant information regarding the cost and feasibility of future subdividing.

(22) Reference that the subdivider or an affiliate will resell or repurchase the property being offered at some future time unless the subdivider has made such a representation in writing to the Commissioner and the prospective purchasers, and it reasonably appears to the Commissioner that the subdivider or the affiliate has the ability to resell or repurchase.

(23) The use of the lot price unless such price includes all assessments or charges that must be paid by the purchaser or, in the alternative all assessments and charges are identified, including the dollar amount, and stated with the lot price.

(24) The use of lot prices when such lots constitute less than ten (10) percent of the total unsold inventory available for purchase.

(25) Reference to a discount in the price unless the subdivider shall furnish to the prospective purchaser a price list, a statement that the offer represents a special limited offer and the length of time the offer will be available.

(26) Reference to any increase in price unless the increase is valid and a copy of the proposed new price schedule and the date of the price increase is furnished to the prospective purchaser.

(27) Reference to the subdivider by any name other than that appearing on the public offering statement. Reference to any other entity shall state the relationship of that entity to the subdivider.

(28) Proposed rule withdrawn. Reserved for future use.

(29) The use of any advertising which fails to prominently disclose that the property or any portion of the property is subject to regular or periodic flooding or covered by standing water for extended periods of time during the year if such is the case.

(30) Reference to anything otherwise prohibited by Minn. Stat. 1973, Chapter 82 and Chapter 83 and the rules and regulations promulgated thereunder.

Nothing contained herein shall limit the authority of the Commissioner to take formal action against an owner, subdivider or his agent for the use of fraudulent, deceptive or misleading advertising of a type not specifically described herein.

SDiv 83.23(3). Guidelines for Preparing Applications for Registration.

The guidelines set forth hereafter are intended to indicate the form and informational content of an application for registration required by the Securities Division of the Department of Commerce. These guidelines shall be applicable to applications filed for registration pursuant to Minn. Stat. 1973, Sections 83.23 and 83.26(2)(b). The primary purpose of the application for registration is to provide compliance with the requirements of Minn. Stat. Chapter 83 and the rules and regulations promulgated thereunder. The information to be included in the application for registration is set out in detail

in this section. The information requested is not to be viewed as determinative of the entire obligation of disclosure. Disclosure and the manner of disclosure will depend upon the particular facts and circumstances involved. Disclosure means more than merely compiling the information requested by the application form or supplying the information suggested by the guidelines. This obligation is the independent obligation of the subdivider, its counsel, its accountant and others contributing to the disclosure to the extent of their contribution. Applications for registration which are inadequately prepared and seriously deficient in terms of compliance with the statute and rules will be summarily denied.

An application for registration of subdivided land shall be typewritten and submitted on 8 1/2" x 14" white bonded paper. The application shall state verbatim the questions in this section, with the appropriate answers underneath each question or attached as an addendum. Such application shall be in the following form:

File No. _____
Date Approved _____
Date Denied _____
Examiner _____
Commissioner _____

# REGISTRATION OF SUBDIVIDED LANDS

This form is to be prepared and filed pursuant to Chapter 83 of the Minnesota Statutes, 1973, Section 83.23, Subd. 3 and mailed to:

State of Minnesota
Department of Commerce
Securities Division
5th Floor, Metro Square Building
St. Paul, Minnesota 55101

1.(a) State the name of the subdivision.

(b) State the exact location of the property identifying the closest community and the distance thereto.

(c) State the total number of lots, parcels, units or interests to be offered in this offering.

2.(a) State the name and address of the subdivider.

(b) State the form, date of organization and jurisdiction of the organization filing this registration.

(c) State the name and address of each of the organization's offices in this state.

(d) State the names and addresses of the organization's agents in this state.

3.(a) State the name, address and principal occupation for the past five years of each director, officer and partner of the subdivider and every person occupying a similar status performing similar functions.

(b) State the name and address of each owner of 10 percent or more of the subdivider in the event that the subdivider is a corporation or partnership.

(c) If the response to subparagraph (b) above is in the affirmative, state the extent and nature of the interest identified in the subdivider or in the lands to be subdivided as a date 30 days prior to the filing of this application.

4. State the condition of title to the land to be subdivided, including but not limited to, a statement reflecting all encumbrances, deed restrictions, and covenants applicable to such title and state the condition of the title as recorded as of a date 30 days prior to the filing of this application. THE STATEMENTS REQUIRED BY THIS PARAGRAPH MUST BE AUTHORED BY A LICENSED PRACTICING ATTORNEY WHO IS NOT A SALARIED EMPLOYEE, PARTNER, OFFICER, OR DIRECTOR OF THE SUBDIVIDER OR AN AGENT OF THE SUBDIVIDER, AND SUCH ATTORNEY SHALL CERTIFY AS PART OF THE STATEMENT THAT SAID ATTORNEY ENJOYS SUCH A STATUS; OR BY A TITLE INSURANCE COMPANY ACCEPTABLE TO THE COMMISSIONER.

5.(a) Append hereto copies of instruments which will be delivered to a purchaser evidencing the interest to be acquired in the subdivided lands.

(b) Append hereto copies of contracts and other agreements which a purchaser would be required to agree to or sign.

(c) State the range of selling prices, rates or rentals at which it is proposed the subdivided lands, including lots, units, parcels or other interests in said subdivided lands, will be disposed of, together with a list of mandatory fees the purchaser may be required to pay for membership in groups such as home owners' associations, country clubs, golf courses and other community organizations.

6. Append thereto copies of the instruments by which the interest in the subdivided land was acquired by the applicant or the subdivider.

7. In the event that there is a lien or encumbrance affecting the subdivided land or any portion thereof as disclosed in paragraph 3 above append hereto a legal description of the lien or encumbranc Further, if said lien or encumbrance exists, what efforts if any, the subdivider has taken to protect the purchaser in the case of failure to discharge the lien or encumbrance.

8. Append hereto copies of instruments creating, altering or removing easements, restrictions or other similar encumbrances affecting the subdivided lands.

9. Append hereto a legal description of the lands to be subdivided verified by affidavit of an independent professional land surveyor which shall include a statement of the topography and a topographical map together with a map showing the division to be proposed or made, the dimensions of the lots, parcels, units, or interests and the relation of the subdivided lands to existing streets, roads, and other offsite stakes have been placed in accordance with the land surveyed.

10. If such markers, monuments or stakes have not been placed, state the estimated cost of accomplishing this result.

11. Name the states or other jurisdictions in which an application for registration has been filed and whether any adverse order, judgment or decree has been entered in connection with the sale of subdivided land by any regulatory authority, by any jurisdiction or by any court.

12(a) State whether local zoning and other governmental laws, ordinances and regulations affecting the use of these subdivided lands and adjacent properties have been complied with.

(b) State the dates of the most recent zoning changes indicating the nature of such changes, any additional proposed changes now pending which may affect the use of the lands to be subdivided.

(c) State whether there are any existing tax and existing or proposed special taxes or assessments which may affect land to be subdivided.

13(a) State what provisions have been made for access to the subdivision.

(b) State the availability of sewage disposal facilities and other public utilities, including but not limited to, water, electricity, gas, and telephone facilities in the subdivision.

(c) State the proximity in miles of the subdivision to nearby municipalities.

(d) State the availability and scope of existing community fire and police protection.

(e) State the location of primary and secondary schools.

(f) State the improvements to be installed, including off-site and on-site community and recreational facilities, including a statement identifying by whom such facilities are to be installed, maintained, and paid for and an estimated schedule for completion.

(g) Append hereto copies of performance and completion bonds covering all lots or parcels within the subdivision on which money is paid or advanced by a purchaser to assure that the planned improvements will be completed.

14. Append hereto a narrative description of the promotional plan for the sale, lease, option, assignment, or other disposition of the subdivided lands together with copies of all advertising material which will be employed in the public disposition of the subdivided lands.

15. Append hereto a copy of the proposed public offering statement.

16. Append hereto a financial statement of the subdivider as of the end of the subdivider's most recent fiscal year bearing a certification reflecting an audit by an independent certified public accountant. If the fiscal year end of the subdivider is in excess of 90 days prior to the date of filing the application, a financial statement, which may be unaudited, is to be appended reflecting the financial condition of the subdivider as of a date within 90 days of the date of the application.

17. State the condition of the land to be subdivided as it existed in its natural state, prior to development, and state in narrative fashion any changes that have occurred through the subdivider's efforts current to the date of this application.

18. A statement asserting that the subdivision is in compliance with federal, state and local environmental quality standards; if the subdivision is not in compliance, a listing of the steps to be taken, if any, to insure compliance.

19. State what permits are required to be obtained from federal, state and local agencies having jurisdiction over the development or subdivision of the land to be subdivided. Indicate which permits have been obtained, which have been applied for and state whether any permit has been refused, including a statement of the reasons for the refusal and the effect such refusal will have on subsequent development of the subdivision.

20. State whether the subdivider or any of its officers, directors, partners, principals or agents have been convicted of a crime involving land disposition or any aspect of the land sales business in this state, any other state, under the laws of the United States of America, or in any foreign country within the last 10 years or has been subject to any injunction or administrative order entered within the past 10 years enjoining or restraining any promotional plan or sales activity involving land disposition. If the response is in the affirmative, state the name of the person or company involved, the jurisdiction, and provide a complete statement of the offense and the dates on which the offense occurred.

21. Append hereto a statement subscribed to by the subdivider attesting to the capacity of the subdivider to convey or cause to be conveyed the interest in the subdivided lands offered for sale, lease, option, assignment or other disposition when the purchaser has complied with and fulfilled the terms of the offer where applicable. This statement should include a description of release causes, conveyances in trust or other safeguards which the subdivider has provided for the protection of the purchaser.

THE SUBDIVIDER CONSENTS TO PERMIT INSPECTION OF THE LOTS, PARCELS, UNITS OR INTERESTS TO BE OFFERED AND FURTHER TO PERMIT INSPECTION OF ITS BOOKS, RECORDS, ACCOUNTS AND FILES BY THE COMMISSIONER OF SECURITIES OR HIS DESIGNEE WITH REFERENCE TO THE SALE OF THE SUBDIVIDED LANDS DESCRIBED HEREIN, AND AGREES TO PROVIDE THE COMMISSIONER WITH SUCH ADDITIONAL INFORMATION WITH RESPECT TO THE SALE OF THESE SUBDIVIDED LANDS AS HE MAY REQUIRE.

The undersigned certifies that he has read the contents of the above form and the exhibits appended hereto and certifies that he has personal knowledge of the contents hereof and knows the responses set forth are true and accurate.

Dated this _____ day of _____ _____
SUBDIVIDER

BY ITS _____

Subscribed and sworn to before me
this _____ day of _____

_____

SDiv 83.23(3)-1. Consent to Service of Process.

NOW ALL MEN BY THESE PRESENTS:

That the undersigned, _____ (a corporation organized under the laws of the State of _____) for the purpose of complying with the laws of the State of Minnesota relating to either the registration or sale of subdivided land, hereby irrevocably appoints the Commissioner of Securities, and the successors in such office, its attorney in the State of Minnesota upon whom may be served any notice, process or pleading in any action or proceeding against it arising out of or in connection with the sale of subdivided land or out of violation of the aforesaid laws of said State; and the undersigned does hereby consent that any such action or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within said State by service of process upon said officer with the same effect as if the undersigned was organized or created under the laws of said State and had lawfully been served with process in said State.

It is requested that a copy of any notice, process or pleading served hereunder be mailed to:

_____

(Name and Address)

_____

Dated: _____, 19___.

(SEAL) _____

By _____

Title _____

By _____

Title _____

CORPORATE ACKNOWLEDGMENT

STATE OF _____)
) SS.
COUNTY OF _____)

On this _____ day of _____. 19__, before me _____, the undersigned officer, personally appeared _____ and _____, known personally to me to be the ___President and ___Secretary, respectively, of the above named corporation, and that they, as such officers, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by themselves as such officers.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

_____
Notary Public

(Notarial Seal)

My commission expires _____

INDIVIDUAL OR PARTNERSHIP ACKNOWLEDGMENT

STATE OF _____)
) SS.
COUNTY OF _____)

On this _____ day of _____, 19___, before me _____, the undersigned officer, personally appeared _____, to me personally known and known to be the same person(s) whose name(s) is(are) signed to the foregoing instrument, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

_____
Notary Public

(Notarial Seal)

My commission expires: _____

CORPORATE RESOLUTION

OF

_____
(Name of Corporation)

RESOLVED, that it is desirable and in the best interest of this Corporation that its subdivided land be qualified or registered for sale in various states; that the President or any Vice President and the Secretary or an Assistant Secretary hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the subdivided lands of this Corporation as said officers may deem advisable: that said officers are hereby authorized to perform on behalf of this Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, performance or completion bonds irrevocable consents and appointments of attorneys for service of process; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor from this Corporation and the approval and ratification by this Corporation of the papers and documents so executed and the action so taken.

CERTIFICATE

The undersigned hereby certifies that he is the ___ Secretary of _____, a corporation organized and existing under the laws of the State of _____; that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said corporation held on the _____ day of _____, 19___, at which meeting a quorum was at all times present and acting: that the passage of said

resolution was in all respects legal; and that said resolution is in full force and effect.

Dated this _____ day of _____, 19___.

(Corporate Seal)

_____
Secretary

SDiv. 83.23(3)-12. Subd. 1. Operating and Maintenance Funds during Start-up. When the offering involves a development and/or maintenance of common areas by the subdivider, an owners association or other entity, the subdivider shall be required to comply with one or more of the following to assure the availability of funds for the ownership, operation and maintenance of such common areas:

(1) Posting of a surety bond or other adequate security in an amount and subject to such terms, conditions and coverage as the Commissioner may require;

(2) Postponement of closing of any escrow until 60% of all lots, parcels or units have been sold and are simultaneously closed;

(3) Deposit with an escrow acceptable to the Commissioner of funds equal to estimated ownership, operation and maintenance expenses for common areas as determined by the Commissioner. An escrow acceptable to the Commissioner shall be one in which the funds are held within this jurisdiction and will be released only with the written consent of the Commissioner.

(4) An alternative plan acceptable to the Commissioner.

Subd. 2. Improvements. When certain improvements are designated in the application for the registration or the application for the exemption but are not totally completed by the effective date, the subdivider shall comply with one or more of the following to assure that the improvements will be completed.

(1) Posting of a surety bond or other adequate security in an amount and subject to such terms, conditions and coverage as the Commissioner may require;

(2) Depos[redacted] with an escrow acceptab[redacted] to the Commissioner of funds equal to the estimated cost of completion of the improvements as determined by the Commissioner. An escrow acceptable to the Commissioner shall be one in which the funds are held within this jurisdiction and may be released only with the written consent of the Commissioner.

(3) Irrevocable letters of credit from a lending institution acceptable to the Commissioner in an amount and subject to the terms and conditions as the Commissioner may require.

(4) An alternative plan acceptable to the Commissioner.

Subd. 3. Service of Process. When a surety bond is required and is filed in another jurisdiction in satisfaction of requirements similar to this section, and such bond is acceptable to the Commissioner, the surety company shall appoint the Commissioner as agent for service of process in this jurisdiction.

Subd. 4. Purchaser supply own water. For subdivision proposing the purchaser supply his own water the public offering statement shall disclose the following:

(1) The average, maximum and minimum depths to ground water within the subdivision.

(2) The recommended total depths of wells.

(3) The estimated yield from such wells.

(4) The life expectancy of the water supply under full development of the subdivision.

(5) The lithologic character of formations through which the well is to be completed.

(6) The source and yield of surface water supply, if any.

(7) The use of the land prior to development with emphasis on whether or not the soils, and ground waters, may be contaminated in some way.

SDiv 83.23(3)-18. Licenses, Permit or Written Approval

The following is a list of licenses, permits, or other written approvals required by the State of Minnesota and local governing bodies. The list is intended as a guide for the procurement of the proper license, permit or written approval for subdivisions located

within the State of Minnesota. Those subdivisions located outside of Minnesota will be required to conform to the state and local requirements of that jurisdiction. This list should not be construed as complete. Each subdivider will be required to obtain all state and local licenses, permits, or written approval where applicable, whether or not contained herein.

(1) A license, permit, or other written approval from the Department of Natural Resources must be obtained prior to the commencement of the activities contained herein:

(a) Appropriation of any public water-surface or underground.

(b) Removal by cutting of aquatic vegetation.

(c) Placement of any fill material (temporary or permanent) which will change the course, current or cross-section of any public water.

(d) Water level control structures.

(e) Dam construction or abandonment.

(f) Fish or wildlife impoundments.

(g) Revetments and other shore protection.

(h) Breakwater, wharfs, or jetties.

(i) Boathouse and permanent dock construction or replacement.

(j) Channel or shoreline excavation.

(k) Stream or channel enlargement or relocation.

(l) Extensions of public water.

(m) Harbors and marinas.

(n) Underwater sewer and water lines.

(o) Navigational improvements or obstructions.

(p) Bridges and piers.

(q) Beach sand blankets.

(r) Any other alteration of public waters not mentioned herein.

(s) Utility crossings.

(t) Cluster developments in shoreland areas.

(2) A license, permit, or other written approval from the Department of Health must be obtained prior to the commencement of the activities contained herein:

(a) The operation of a hotel-motel, resort, lodging house, boarding house, restaurant or place of refreshment as defined in Minnesota Statutes 1971, Chapter 157.

(b) The operation of mobile home park or recreation camping area as defined in Minnesota Statutes 1971, Chapter 327.

(c) Approval of the plans for all buildings and facilities that are publicly owned or are for use by the public.

(d) Licenses pertaining to wells and soil absorption sewage disposal.

(3) If a trunk highway runs through or is adjacent to a subdivision, a permit from the Department of Highways is required to construct entrances connecting with such trunk highway.

(4) A permit must be obtained from the Pollution Control Agency to construct, install or operate a disposal system pursuant to Minnesota Statutes 1971, Chapter 115.

(5) A license, permit, or other written approval from the local governing body must be obtained prior to the commencement of the activities contained herein.

(a) A building permit for the construction of, or addition to, a building, road, or other improvement.

(b) An electrical permit.

(c) A plumbing permit.

(d) A permit to install heating, air conditioning, or ventilation system in a building or other improvement.

(e) A permit to install an elevator.

(f) A permit for the construction of advertising signs.

(g) Any other license, permit or written approval as required by the local governing body.

SDiv. 83.23(3)-21. Computation of time.

Subd. 1. Where the performance or doing of any act, duty, matter, payment, or thing is ordered or directed, and the period of time or duration for the performance or doing thereof is prescribed and fixed by law, rule or order, such time, except as otherwise provided in Subd. 2 below, shall be computed so as to exclude the first and include the

last day of any such prescribed or fixed period or duration of time. When the last day of such period falls on Sunday or on any day made a legal holiday, by the laws of this state or of the United States, such day shall be omitted from the computation.

Subd. 2. When the lapse of a number of months before or after a certain day is required by the law, rule or order, such number of months shall be computed by counting the months from such day, excluding the calendar month in which such day occurs, and including the day of the month in the last month so counted having the same numerical order as the day of the month from which the computation is made, unless there be not so many days in the last month so counted, in which case the period computed shall expire with the last day of the month so counted.

SDiv. 83.24(1). Guidelines for Public Offering Statement.

Subd. 1. The guidelines set forth hereafter are intended to indicate the form and informational content of an offering statement acceptable to the Securities Division of the Department of Commerce. The primary purpose of the public offering statement is to inform a prospective purchaser of the terms upon which said purchaser may acquire the property offered, the risks inherent in the purchase, material facts respecting the history, business, management, and capitalization of the subdivider offering said property for sale, and such other information necessary and material to briefly and accurately advise a prospective purchaser of the nature and character of the property purchased.

What must be disclosed and the manner of disclosure in any offering statement will depend upon the particular facts involved. Disclosure means more than merely compiling the information required by the application form or supplying the information suggested by these guidelines. Since substantial criminal and/or civil penalties may result from incomplete or misleading disclosure, it is the independent obligation of the subdivider, its counsel, its accountant, and others contributing to said disclosure to determine what information is relevant to full and fair disclosure and to supply that information

whether or not it is also required by the application form or suggested by these guidelines.

IT IS THE OBLIGATION OF THE SUBDIVIDER IN EVERY CASE TO ADD TO THE INFORMATION REQUIRED SUCH FURTHER INFORMATION, IF ANY, AS MAY BE NECESSARY TO MAKE THE REQUIRED STATEMENTS, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY ARE MADE, NOT MISLEADING.

Subd. 2. The public offering statement shall state the verbatim questions in this section. The subdivider shall answer the questions directly and completely in accordance with the above instructions and employ the following language on the face of the offering statement, which may appear either in printed form or attached to the property report filed with the Office of Interstate Land Sales, United States Department of Housing and Urban Development:

1. The properties offered for sale have not been approved or disapproved by the Securities Division, Department of Commerce, State of Minnesota, nor has the Department of Commerce passed upon the accuracy or adequacy of this offering statement. Any representation to the contrary would be a criminal offense.
2. No act of a purchaser shall be effective to waive the right to rescind.
3. Minnesota Law provides a purchaser has an unconditional right to rescind any contract, agreement or other evidence of indebtedness, or to revoke any offer, at any time prior to or within five days after the date the purchaser actually receives a legible copy of the binding contract, agreement or other evidence of indebtedness or offer and the public offering statement.

SDiv. 83.24(2). A proposed public offering submitted to the Commissioner shall be in the following form and shall include:

1. Name(s) of subdivider _____

   Address _____
2. Name of subdivision _____

   Location _____ County, State of _____

a. Effective date of Public Offering Statement _____

b. This offering consists of _____.

3. List names and populations of surrounding communities and list distances over paved and unpaved roads to the subdivision.

| Name of community | Population | Distance over paved roads | Unpaved roads | Total |
|---|---|---|---|---|
| a. | | | | |
| b. | | | | |
| c. | | | | |
| d. | | | | |
| e. | | | | |

4. If periodic payments are to be made by a purchaser (as in the case of installment sales contracts) complete all items under this paragraph 4. If not, enter "Not Applicable."

a. Will the sales contract be recordable? Yes or No?

b. In the absence of an immediate recording of the contract or deed, could third parties or creditors of any person having an interest in the land acquire title to the property free of any obligation to deliver a deed? Yes or No? _____ Explain _____

c. State when the contract or deed will be recorded, and who will record it. State who will bear the costs of recordation, and the amount if those costs are to be borne by the purchaser.

d. What provision, if any, has been made for refunds if purchaser defaults? If none, and the purchaser payments are to be retained, state whether his loss will be limited to the amount of his payments to date, or whether he will be responsible to the subdivider or his assignees for additional damages or for the balance of his contract.

5. Is there a blanket mortgage or other lien on the subdivision or portion thereof in which the subject property is located? Yes or No? If yes, list below and describe arrangements, if any, for protecting interests of the buyer or lessee if the subdivider defaults in payment

of the lien obligation. If there is such a blanket lien, describe arrangements for release to a purchaser of individual lots when the full purchase price is paid.

| | Type of lien | Effect on purchaser if subdivider defaults |
|---|---|---|
| a. | _____ | _____ |
| b. | _____ | _____ |
| c. | _____ | _____ |

6. Does the offering contemplate leases of the property in addition to, or as distinguished from, sales? Yes or No? If yes, a lease addendum must be completed, attached, and made a part of the Public Offering Statement.

7. Is purchaser or lessee to pay taxes, special assessments, or to make payments of any kind for the maintenance of common facilities in the subdivision (a) before taking title or signing of lease or (b) after taking title or signing of lease? If yes, complete the schedule below:

| | Approximate amount of purchaser's or lessee's annual payments |
|---|---|
| Taxes _____ | $_____ |
| Special assessments _____ | _____ |
| Payments to property owners' association _____ | _____ |
| Other _____ | _____ |
| Specify _____ | _____ |

8. (a) Will purchaser's downpayment and installment payments be placed in escrow or otherwise set aside? Yes or No? If yes, with whom? If not, will title be held in trust or in escrow?

(b) Except for those property reservations which land subdividers commonly convey or dedicate to local bodies or public utilities for the purpose of bringing public services to the land being subdivided will purchaser receive a deed free of exceptions? Yes or No? If no, list all restrictions, easements, covenants, reservations and their effect upon buyer.

(c) List the permissible uses of the property based upon the restrictive covenants, and which are consistent with local zoning ordinances.

(d) List all existing or proposed unusual conditions relating to the location of the subdivision and to noise, safety or other nuisances which affect or might affect the subdivision.

9(a) List all recreational facilities currently available (e.g., swimming pools, golf courses, ski slopes, etc.). State who owns or will own the facility and any costs or assessments to the purchaser or lessee.

(b) If facilities are proposed or partly completed, state promised completion date, provisions to assure completion, and all estimated costs or assessments to purchaser or lessee. If there are no provisions to assure completion, so state.

| Description of each facility | Percentage of completion | Estimated completion date |
|---|---|---|
| | | |

10. State whether or not the following are available in the subdivision:

(a) Roads:

1. Access to the subdivision: Paved _____, unpaved _____, percentage of completion _____, estimated completion date _____ _____.

2. Road system within the subdivision: Paved_____, unpaved_____, percentage of completion_____, estimated completion date_____.

(b) Utilities:

1. Water.
2. Electricity.
3. Gas.
4. Telephone.
5. Sewage disposal.
6. Drainage and Flood Control.
7. Television.

(c) Municipal Services:

1. Fire protection.

2. Police protection.

3. Garbage and trash collection.

4. Public schools:

A. Elementary schools.

B. Junior high school.

C. High school.

5. Medical and dental facilities:

A. Hospital facilities.

B. Physicians and dentists.

6. Public transportation.

7. U.S. Postal Service.

11. Will the water supply be adequate to serve the anticipated population of the area?

12. Is any drainage of surface water, or use of fill necessary to make lots suitable for construction of a one-story residential structure? Yes or No? If yes, state whether any provision has been made for drainage or fill and give estimate of any costs purchaser would incur.

13. State whether shopping facilities are available in the subdivision; if not, state the distance in miles to such facilities and whether public transportation is available.

14. Approximately how many homes were occupied as of _____ (insert date of filing)?

15. (a) State elevation of the highest and lowest lots in the subdivision and briefly describe topography and physical characteristics of the property.

(b) State in inches the average annual rainfall and, if applicable, the average annual snowfall for the subdivision or the area in which it is located.

(c) State temperature ranges for summer and winter, including highs, lows and means.

16. Will any subsurface improvement, or special foundation work be necessary to construct one story residential or commercial structures

on the land? Yes or No? If yes, state if any provision has been made and estimate any costs purchaser would incur.

17. State whether there is physical access (by conventional automobile) over legal rights-of-way to all lots and common facilities in the subdivision. State whether the access will be by public or private roads and streets and whether they will be maintained by public or private funds.

18. Has land in the subdivision been platted of record? Yes or No? If not, has it been surveyed? Yes or No? If not, state estimated cost to purchaser to obtain a survey.

19. Has each individual lot been staked or marked so that the purchaser can identify the boundary lines of his lot? If not, state estimated cost to purchaser or lessee to obtain a survey and to have boundary lines staked or marked.

20. State whether a comprehensive program is in effect to control soil erosion, sedimentation, and flooding throughout the entire subdivision Yes or no. If yes, has the plan been approved by officials responsible for the regulation of land development? Yes or No.

21. Will the subdivider represent as a part of his sales program that the lot has investment potential? Yes or No. _____.

If you as a prospective purchaser are considering the purchase of a lot as an investment for future resale you should consider the following potentially adverse factors.

(a) A significant percentage of the sales price may have been committed to promotional advertising and sales commission.

(b) Significant costs may be incurred in the resale of the lot.

(c) Your lot may have to be sold in direct competition with the subdivider's sales program.

(d) Substantial population growth within the subdivision cannot be assured.

(e) Promotional sales stimulus such as that used by the subdivider will not be available to you.

(f) No assurance can be given that a real estate broker will agree to list your lot or to show it to prospective purchasers. This

is especially important if your lot is located in a remote subdivision.

22. State whether the subdivider offers a resale program for those purchasers who wish to resell their lot. Yes or No _____. State how the purchaser will resell his lot in the absence of such a program. List any factors which may limit or affect the purchaser's ability to resell his lot.

The purchaser's reference to financial statements and the signature lines should be added to the format, as follows:

PURCHASER SHOULD CAREFULLY REVIEW THE ATTACHED FINANCIAL STATEMENTS OF THE SUBDIVIDER (SEE EXHIBIT A).

Signatures of the Senior Executive Officer of the Subdivider:

_____ (Title) _____ (Date)

Minnesota addendum.

In addition to the information required above, Public Offering Statements authorized for use in the State of Minnesota shall include the following:

1. A statement whether the subdivider holds any options to purchase adjacent properties, and if so, a description of such options and the location and zoning of the adjacent properties.

2. A statement indicating whether there is as of the date of registration an existing market for resale of any properties sold pursuant to this offering.

3. The material terms of any encumbrances, easements, liens, and restrictions, including zoning and other regulations affecting the subdivided lands and each unit or lot, a statement of the subdivider's efforts to remove such lien or encumbrance, and a statement of all existing taxes and existing or proposed special taxes or assessments which affect the subdivided lands.

4(a). PURCHASER SHOULD CAREFULLY REVIEW THE ATTACHED FINANCIAL

STATEMENTS OF THE SUBDIVIDER (SEE EXHIBIT A).

(b) A financial statement of the subdivider as of the end of the subdivider's most recent fiscal year, audited by an independent certified public accountant should be attached hereto as Exhibit A; and, if the fiscal year end of the subdivider is in excess of 90 days prior to the date of filing the application, a financial statement, which may be unaudited, as of a date within 90 days of the date of application should be attached to this as Exhibit B.

(c) All registration statements filed with the Commissioner shall include a manually signed and dated consent of the accountant to the use of his name and his report in the public offering statement.

5. ALL SIGNATURES REQUIRED BY THESE RULES MUST BE MANUAL SIGNATURES.

6. The name, principal address and telephone number of the subdivider and of its offices and agents in this state.

7. A statement asserting that the subdivision is in compliance with federal, state and local environmental quality standards. If the subdivision is not in compliance, a listing of the steps to be taken, if any, to insure compliance.

SDiv. 83.26(2)-b. A statement of the subdivider shall be typewritten and submitted on 8 1/2" x 14" white bonded paper. The statement shall state verbatim the questions in this section, with the appropriate answers underneath each question, or attached as an addendum. Such statement shall be in the following form:

File No. _____
Date Approved _____
Date Denied _____
Examiner _____
Commissioner _____

STATEMENT OF THE SUBDIVIDER
M. S. 83.26, Subd. 2(b)

This form is to be prepared and filed pursuant to Minnesota Statutes 1973, Section 83.26 and mailed to:

State of Minnesota
Department of Commerce
Securities Division
5th Floor, Metro Square Bldg.
Saint Paul, Minnesota 55101

1. State the name of the subdivision.

2. State the name and address of the subdivider.

3. State the form, date of organization and jurisdiction of the organization filing this registration.

4. State the name and address of each of the organization's offices in this state.

5. State the names and addresses of each of the organization's agents in this state.

6. If the subdivision consists of land, attach a general description of the subdivided lands which shall include, but not be limited to, the following:

   a. The exact location of the property identifying the closest community and the distance thereto;

   b. A topographical description;

   c. The purpose for which sales are being made (i.e., residential, commercial, industrial, recreational or investment);

   d. The total number of lots, parcels, units or interests to be offered in this offering;

   e. Whether or not other units in this development have been sold during the past 12 months, and if so how many and where located.

7. If the subdivision is composed of units other than land, attach a general description of the units to be sold which shall include, but not be limited to, the following:

   a. Exact location of the units identifying the closest community and distance thereto;

   b. The purpose for which sales are being made (i.e., residential, commercial, industrial, recreational or investment);

   c. The total number of lots, parcels, units or interests to be offered in this offering;

   d. Identify exactly what is being offered;

   e. Whether or not any other units in this development have been sold during the past 12 months and if so, how many and where located.

8. Attach a title opinion of a licensed practicing attorney concerning the title to the subdivided lands which shall include all encumbrances, deed restrictions and covenants applicable thereto.

9. Attach copies of instruments which will be delivered to a purchaser to evidence his interest in subdivided lands and of the contracts or other agreements which the purchaser will be required to agree to or sign, together with the range of selling prices, rates or rentals at which it is proposed to dispose of the lots, units, parcels or interests in the subdivisions and the list of mandatory fees the purchaser may be required to pay for membership in groups, including but not limited to, home owners' associations, country clubs, golf courses and other community organizations.

10. A statement showing compliance with zoning and other governmental laws, ordinances and regulations affecting the use of the subdivided lands and adjacent properties.

11. A statement asserting that the subdivision is in compliance with federal, state and local environmental quality standards, if the subdivision is not in compliance, a listing of the steps to be taken, if any, to insure compliance.

12. State what permits are required to be obtained from federal, state and local agencies having jurisdiction over the development or subdivision of the land to be subdivided. Indicate which permits have been obtained, which have been applied for and state whether any permit has been refused, including a statement of the reasons for the refusal and the effect such refusal will have on subsequent development of the subdivision.

13. The statement of existing provisions of access to the subdivision, the availability of sewage disposal facilities and other public utilities included but not limited to, water, electricity, gas and telephone facilities in the subdivision, proximity in miles of the subdivision to nearby municipalities, availability and scope of community fire and police protection, the location of primary and secondary schools; a statement of the improvements to be installed, including off-site and on-site community and recreational facilities, by whom they are to be installed, maintained and paid and an estimated schedule for completion.

14. Attach copies of all advertising to be used in the promotional planning for disposition.

15. A statement as to whether or not the lots have been permanently "staked", monuments erected or other commonly approved methods of survey physicially designating the individual units and if not, what steps are to be taken to complete same.

16. Attach an irrevocable appointment of the Commissioner to receive service of any lawful process, any civil proceeding arising under this act against the subdivider, or his personal representative.

THE SUBDIVIDER CONSENTS TO PERMIT INSPECTION OF THE LOTS, PARCELS, UNITS OR INTERESTS TO BE OFFERED AND FURTHER TO PERMIT INSPECTION OF ITS BOOKS, RECORDS, ACCOUNTS AND FILES BY THE COMMISSIONER OF SECURITIES OR HIS DESIGNEE WITH REFERENCE TO THE SALE OF THE SUBDIVIDED LANDS DESCRIBED HEREIN, AND AGREES TO PROVIDE THE COMMISSIONER WITH SUCH ADDITIONAL INFORMATION WITH RESPECT TO THE SALE OF THESE SUBDIVIDED LANDS AS HE MAY REQUIRE.

The undersigned certifies that he has read the contents of the above form and the exhibits appended hereto and certifies that he has personal knowledge of the contents hereof and knows the responses set forth are true and accurate.

Dated this_____ day of_____ _____
SUBDIVIDER

BY ITS_____

Subscribed and sworn to before me
this_____ day of_____

_____

A $10.00 fee must be filed with this Application. Make check payable to Treasurer, State of Minnesota.

SDiv. 83.29(2) Fraudulent, Deceptive, Misleading or Unfair and Inequitable Acts.

The methods, acts and practices contained herein or similar thereto shall be presumed fraudulent, deceptive, misleading or unfair and inequitable if engaged in by the subdivider or his agent and shall constitute grounds for denial, suspension or revocation of the registration, and for denial, suspension or revocation of the license of the subdivider or his agent.

Subd. 1. Approvals and memberships.

(1) Representing that the subdivider, his agents, servants, employees, or others acting on his behalf, have sponsorship, approval or certification they do not have.

(2) Representing that land has been inspected by the Commissioner and/or received approval.

(3) Representing the necessity, desirability, or the advantage of dealing with a subdivider, such as false or alleged connection with or endorsement by the government, nationally known organization, or membership in a professional association.

Subd. 2. Availability of land and utilities.

(1) Representing the availability of land without clearly and conspicuously disclosing in immediate conjunction therewith any limitation on location, including location in relationship to amenities, and quantity.

(2) Representing or giving the impression that a prospective purchaser has to act quickly to purchase specific or choice lots, units, parcels or interests in land because of purported scarcity of such land or reasons similar thereto.

(3) Representing a utility service as "available" or a similar representation, unless such utility service is installed and ready for use, or use is assured under financial arrangements made for installation and approved by the Commissioner, and such arrangements are disclosed.

Subd. 3. Access to subdivisions.

(1) Representing or suggesting that a subdivision is restricted to owners, purchasers or their families by means of guards or private roads or facilities unless it is true.

(2) Representing that a prospective purchaser must pay a refundable or nonrefundable temporary membership fee in order to visit, tour, or inspect a subdivision for the reasons that such is restricted to members only when in fact such offer is made systematically and on a regular basis to all persons solicited for purchase.

Subd. 4. Visits and free goods and services.

(1) Failing to reveal in an offer to induce a person to visit, inspect, or tour a subdivision all terms, conditions or prerequisites that must be met by any person.

(2) Offering or representing that goods or services are "free" without clearly or conspicuously disclosing in immediate conjunction with the offer or representation all terms, conditions, or prerequisites to the receipt, retention, or use of the goods or services.

Subd. 5. Price, value and credit.

(1) Representing or implying that a prospective purchaser has to act quickly to purchase land at a savings by reason of an imminent price increase, unless the increase is valid and a copy of the proposed new price schedule and the date of the price increase is furnished to the prospective purchaser.

(2) Representing the price of land has been discounted or reduced unless in fact the original price was the customary price for a reasonable period of time.

(3) Representing or suggesting that the price of land is less when compared to other land sold by competitors unless such other land has the same characteristics, attributes and qualities of the offered or advertised land and such prices are not fictitious.

(4) Proposed rule withdrawn. Reserved for future use.

(5) Representing or suggesting that credit is readily available when in fact it is not.

(6) Representing or suggesting that the terms of such credit are liberal or lenient when in fact they are not.

Subd. 6. Repurchases, refunds, consideration for referrals.

(1) Representing that the subdivider will buy back, resell, list or otherwise dispose of purchased property unless the terms are set forth in the contract, purchase agreement, or other similar instrument, and the Commissioner has been furnished a copy of the buyback or resale agreement.

(2) Inducing a person to buy land, execute a contract, agreement, option for consideration, or other evidence of indebtedness for the purchase of land upon the representation to the person that a refund will be made if not satisfied, unless such representation is set forth in the contract, purchase agreement or other similar instruments.

Subd. 7. Promotion schemes, documents.

(1) Representing that a subdivider, salesman, agent, servant, employee, or other persons acting on behalf of a subdivider is conducting a survey, contest, poll, or other similar inquiry, when such representation is a systematic marketing approach to sell property.

(2) Representing to a person that they have been specially selected.

(3) Obtaining the execution of a contract or similar instrument by representing it is only a reservation, receipt, temporary membership certificate, or other non-binding agreement.

(4) Failing to clearly and conspicuously inform a purchaser that a contract, promissory note, evidence of indebtedness, or other similar instrument is assignable.

Subd. 8. Documents.

(1) It shall be presumed to be unfair for a person to use a contract, agreement, deed, option, or other evidence of disposition of lands under the act which contain provisions whereby a purchaser or prospective purchaser agrees, without his knowing, intelligent and voluntary consent thereto:

(a) To waive a right or privilege afforded by the act; the Interstate Land Sales Full Disclosure Act (82 Stat. 590;

15 USC 1701 et seq.); and the Consumer Credit Protection Act commonly known as the Federal Truth-in-Lending Act, and any rules or regulations promulgated thereunder, or any laws governing the transaction.

(b) To assume all risk of loss to the property without title passing to the purchaser or actual possession being in the purchaser.

(c) To a subsequent sale of the optioned or purchased property.

(d) To waive as against an assignee of the subdivider, a mortgagee, or subsequent holder, a claim or defense arising out of the transaction that the purchaser would have against the subdivider.

(e) To lose possession of the property without notice of and a prior hearing in a court of competent jurisdiction.

(f) To waive a right to redeem the property after default.

(g) That an assignee, mortgagee or subsequent holder of the subdivider is not obligated to convey title as to the purchaser.

(2) It is unfair for a subdivider, his agents, servants, employees, or others acting on his behalf:

(a) To offer to or induce a purchaser to execute a document, paper, or other instrument without all spaces filled in or inapplicable spaces clearly stricken.

(b) To alter or deface a document, paper, or other instrument without the consent of the parties thereto.

Subd. 9. General.

(1) It is unfair for a person to use a method of rebate of interest, or finance charge which requires or results in a purchaser paying a greater amount of interest or finance charge upon pre-payment than he would have paid if he had financed for that shorter period up to the time of pre-payment.

(2) It is unfair for a subdivider, his agents, servants, employees, or others acting on his behalf:

(a) To make a promise with no present intent to perform it.

(b) To fail to reveal to a purchaser or prospective purchaser all terms, conditions, notices, and amounts of any contract, agreement, option, deed, property report, evidence of indebtedness, or other similar instrument.

(c) To substitute another lot, unit, parcel, or interest in land for that purchased or optioned without the consent of the purchaser.

(3) It is unfair for a subdivider to fail to afford to a purchaser all rights, privileges, or advantages that are represented or implied as being available to a purchaser as the result of the purchase.

Subd. 10. Miscellaneous.

(1) Representing the necessity, desirability, or advantage to a prospective purchaser of dealing with a subdivider such as representing a subdivider's alleged advantages of size.

(2) Offering or representing to sell or lease lots, units, parcels, or interests in land which in truth the subdivider does not intend or desire to sell or lease.

(3) Engaging in activities commonly referred to as "bait and switch" activities.

(4) Failing to clearly and conspicuously disclose the use, if any, to which surrounding land has been put where the disclosure is material.

(5) The making of false, misleading or irrelevant comparisons of land values.

(6) Engaging in any other method, act or practice which has or may have the tendency to deceive.

SDiv. 83.30(1). An annual report shall be typewritten and submitted on 8 1/2" x 14" white bonded paper. Such report shall be prepared in the exact form as follows:

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE, SECURITIES DIVISION
5th Floor Metro Square Bldg.

ANNUAL REPORT - SUBDIVIDED LAND

THIS REPORT MUST BE FILED NOT LATER THAN 30 DAYS AFTER THE ANNIVERSARY DATE OF REGISTRATION.

1. Name of subdivider _____

2. Business Address _____

3. Name of Subdivision _____

4. Description of Units _____

5. Number of Units Registered _____

6. Date of Registration _____

7. Registration Number _____

8. Please check one of the following boxes:

   A. /____/ Continued registration is desired.
   B. /____/ Cancellation of registration is desired.

9. State the aggregate number of units sold pursuant to the above described registration or any amendment thereof to residents of the state of Minnesota. _____

10. State the aggregate number of units outstanding at the date of the last annual report filed with the Securities Division, Department of Commerce, State of Minnesota.

11. Specify by date of transaction, number of units, and aggregate dollar amount, all sales of any subdivided land by the subdivider or his agent to Minnesota residents since the date of the last annual report filed with the Securities Division, Department of Commerce, State of Minnesota.

12. Specify any exemption from registration claimed for any sale described in 11 above.

13. State the aggregate number of units outstanding at the date of this report.

14. Attach the following exhibits.

   A. (1) A list of the issuer's officers, directors, and direct or beneficial owners of 10% or more of any class of equity security or security convertible into equity securities.

   (2) A general description of the business of the issuer; a list of its wholly or majority owned subsidiaries, specifying their businesses; and a list of officers and directors of each subsidiary.

   (3) Financial statements consisting of a balance sheet certified by an independent Certified Public Accountant for the subdivider's last fiscal year end and an income statement similarly certified for the 12 months next preceding the date of the balance sheet; and a balance sheet dated within 90 days of the date of filing this annual report together with an income statement for the period from the subdivider's fiscal year end to the date of said balance sheet.

Signed_____

By:_____

its_____

APPLICANT'S VERIFICATION

STATE OF_____)
) SS.
COUNTY OF_____)

On this_____day of_____, 19___, _____, appeared before me, a Notary Public, and being first duly sworn, says that it is the applicant; that it has read the foregoing application and accompanying exhibits, and that the contents thereof are true of its own knowledge.

_____

(NOTARIAL SEAL) Notary Public,_____County_____

My Commission Expires_____

INDIVIDUAL VERIFICATION

STATE OF_____)
) SS.
COUNTY OF_____)

On this_____day of_____, 19___. _____, appeared before me, a Notary Public, and being first duly sworn, says that he is the _____ of_____and that he is duly authorized and empowered to execute this application on its behalf.

_____

(NOTARIAL SEAL) Notary Public_____County_____

My Commission Expires_____

Div. 83.33(1). Blanket Encumbrances.

The subdivider shall not sell lots, units, parcels or interests within a subdivision subject to a blanket encumbrance unless one or more of the following conditions are met:

(1) All sums paid or advanced by purchasers are placed in an escrow or other depository acceptable to the Commissioner until: (a) the fee title contracted for is delivered to the purchaser by deed together with complete release from all financial encumbrances; or (b) the subdivider or the purchaser default and fail to perform under their contract of disposition and there is a final determination by a court of competent jurisdiction or the Commissioner as to the disbursal of such moneys; or (c) the funds are voluntarily returned to the contract purchaser.

(2) The fee title to the subdivision is placed in trust under an agreement or trust acceptable to the Commissioner until a proper release from each blanket encumbrance including all taxes is obtained and title contracted for is delivered to such purchaser.

(3) A bond, cash, certified check or irrevocable bank letter of credit issued by a bank authorized to do business in this state is furnished to the Commissioner in the name of the state for the benefit and protection of purchasers of the lots, units, parcels or interest, in such amount and subject to terms as approved by the Commissioner. The bond shall be executed by a surety company authorized to do business in this state and which has given consent to be sued in this state. The bond or agreement accompanying the cash, certified check or irrevocable bank letter of credit shall provide for the return of moneys paid or advanced by any purchaser, on account of purchase of any lot, unit, parcel or interest if the title contracted for is not delivered and a full release from each blanket encumbrance is not obtained. If it is determined that the purchaser by reason of default or otherwise, is not entitled to the return of the moneys, or any portion thereof, then the bond, cash, certified check or irrevocable letter of credit may be released by the Commissioner in the amount of moneys to which the purchaser of a lot, unit, parcel or interest is not entitled.

(4) The blanket encumbrance shall contain a provision evidencing the subordination of the rights of the subdivider to the rights of those persons purchasing from the subdivider and further evidencing that the subdivider is able to secure releases from the blanket encumbrance with respect to the property.

(5) An alternative plan acceptable to the Commissioner.

SDiv. 83.38(1)-c. Operating Procedures.

Subd. 1. Soil Preparation. In a subdivision proposed to be sold with structural improvements where the soil condition is such as to require preparation in some manner that structural damage is not likely to result, the Commissioner will not approve an application until the subdivider has submitted a certification from a civil engineer that the soil has been properly prepared, unless one or more of the following plans have been met:

(1) furnish a bond or bonds in an amount and subject to such terms, conditions and coverage as the Commissioner may approve;

(2) impoundment of purchasers funds in an escrow acceptable to the Commissioner, until such time as written evidence of adequate soil preparation has been submitted to and approved by the Commissioner;

(3) deposit in an escrow acceptable to the Commissioner of a sum sufficient to adequately prepare the soil with underwritten agreements providing for progress payments as the work is completed;

(4) an alternative plan acceptable to the Commissioner.

Subd. 2. Owners Association. In subdivisions which involve a planned development or similar arrangement, the covenants, conditions and restrictions, articles of incorporation, bylaws and other instruments for the management, regulation and control of these types of subdivisions shall ordinarily provide, but need not be limited to:

(1) creation of an association of lot, parcel, unit or undivided interest owners;

(2) a description of the areas or interests to be owned or controlled by owners in common;

(3) transfer of title and/or control of common areas, common facilities and/or mutual and reciprocal rights of use to the owners in common or to an association thereof;

(4) procedures for calculating and collecting regular assessments to defray expenses attributable to the ownership, use and operation of common areas and facilities with said assessments to be levied against each owner, including the subdivider, according to the ratio of the number of lots or units owned by each owner to the total of lots or units subject to the assessment, or on some other reasonable and equitable basis such as the selling price of the unit to the aggregate selling prices of all units subject to the assessment;

(5) procedures for establishing and collecting special assessments for capital improvements or other purposes on the same basis as for regular assessments with suitable monetary limitations on special assessments or expenditures without the prior approval of a majority of the owners affected;

(6) where appropriate, liens against privately owned subdivision properties and the foreclosure thereof on account of the nonpayment of assessments duly levied;

(7) where appropriate, annexation of additional land to the existing development with suitable substantive and procedural safeguards against increased per capital assessments on account of such annexation;

(8) monetary penalties and/or use privilege and voting suspensions of members for breaches of the restrictions, bylaws or other instruments for management and control of the subdivision with procedures for hearings for disciplined members;

(9) creation of a board of directors or other governing body for the owners' association with the members of said body to be elected by a vote of members of the association at an annual or special meeting to be held not later than six months after the sale of the first lot, unit or undivided interest of the subdivision;

(10) procedures for the election and removal of members of the governing body which shall include concurrent terms for members and cumulative voting features in the election and removal of such members;

(11) enumeration of the powers of the governing body which shall normally include at least the following:

(a) the enforcement of applicable provisions of the restrictions, bylaws, and the other instruments for the management and control of the subdivision;

(b) payment of taxes and assessments which are or could become a lien on the common area or some portion thereof;

(c) delegation of its powers to committees, officers or employees;

(d) contracting for materials and/or services for the common area or the owners' association with the term of any service contract limited to a duration of one year, except with the approval of a majority of the members of the owners' association, except in those subdivisions where the terms of the management contract have been approved by the Federal Housing Administration or Veterans Administration;

(e) contracting for fire, casualty, liability and other insurance on behalf of the owners' association;

(f) entry upon any privately owned lot or unit where necessary in connection with construction, maintenance or repair for the benefit of the common area or the owners in common;

(12) allocation of voting rights to members of the owners' association on the basis of lot or unit ownership or on some other reasonable and equitable basis;

(13) preparation of an annual operating statement reflecting income and expenditures of the association for its fiscal year with provision for distribution of a copy of said report to each member within 90 days after the end of the fiscal year;

(14) annual and special meetings of members within the

subdivision or as close thereto as practicable;

(15) reasonable--and in no case less than 10 days--written notice to members of annual and special meetings specifying the place, day and hour, and in the case of special meetings, the nature of the business to be undertaken;

(16) quorum requirements for members' meetings ranging from 25% to 50% of the total membership depending upon the nature of the subdivision and other relevant factors;

(17) voting proxies for members' meetings;

(18) amendment of those provisions of the restrictions, bylaws or rules which relate to the management, operation and control of the owners' association and/or the common areas, common facilities or interests.

Depending upon the nature of the right or obligation to be affected by the amendment, the Commissioner will ordinarily consider as reasonable amendments enacted as follows:

(a) Restrictions--51% of all of the owners;

(b) Bylaws or Rules--51% of all of the owners;

(19) prohibition or restrictions upon the severability of commonly owned interests through partition or otherwise;

(20) action to be taken and procedures to be followed in the event of destruction or extensive damage to the common areas or facilities including provisions respecting the use and disposition of insurance proceeds payable to the association on account of such destruction or damage.

Subd. 3. General Policies.

Unless unusual and compelling considerations are presented, the Commissioner will ordinarily be guided by the following general policies, and will not consider as reasonable:

(1) provisions which deny, limit or abridge, directly or indirectly, the right of any owner to sell, lease or rent his unit in a condominium, community apartment project, planned development, or stock cooperative; except that a reasonable plan may be utilized which sets forth uniform and objective standards and qualifications for the

sale or lease. Should the unit owner be unable to find a purchaser or lessee meeting such uniform and objective standards, he may be required to give the governing body an option to purchase or lease said unit before selling or leasing to a person who does not meet such standards provided, however, that any such provisions providing for a right to repurchase by the governing body must be exercised within 15 days of receipt of written notice from the unit owner to the subdivider, governing body or authorized representative thereof;

(2) provisions pursuant to which the failure by an owner to comply with any requirements, conditions or covenants contained in any declaration of restrictions, organizational rules or bylaws results in forfeiture, loss, limitation or abridgement of his rights in a condominium, community apartment project, planned development, or stock cooperative, or of his membership and participation in a management or owners organization. The foregoing does not preclude reasonable management rules authorizing discipline or temporary suspension of a member's rights, wherein appropriate procedures are afforded, including an opportunity to be heard; nor does it preclude foreclosure of an assessment lien;

(3) provisions authorizing annexation of other property to the subdivision, which may substantially increase assessments or substantially increase the burden upon community property and/or facilities, unless:

(a) the procedure for annexation is reasonable and is detailed in the original filing; or

(b) if the procedure for annexation is not detailed, provision is made for approval of the annexation by at least a majority of the voting power, excluding voting power of the subdivider;

(4) provisions authorizing lien assessments unless reasonable provision for transfer of control of the assessment power to unit owners or association of unit owners is also provided;

(5) provisions authorizing establishment of an architectural control committee or a similar entity, unless they provide that unit owners shall have the right to elect the committee membership when 90% or more of the units have been sold. The foregoing does not preclude reasonable arrangements approved by the Commissioner for retention of control over such committee by the subdivider, in event other increments are to be added or annexed to said subdivision;

(6) any other provisions which arbitrarily deny, limit or abridge the right of unit owners with respect to the management, maintenance, preservation, operation, or control of their interests.

Subd. 4. Conveyance of Property

In undivided interests subdivisions which do not involve a right of exclusive occupancy or use of a lot, parcel or unit, provision shall ordinarily be made in the public offering statement whereby owners and their successors in interest, absolutely waive the right to partition to real property in kind and waive the right to seek partition for the purpose of a sale of the real property, or any portion of it, unless the bringing of a suit for partition has been approved by the vote or written agreement of a majority of the ownership interests in the subdivision that are not owned or controlled by the subdivider.

SDiv. 83.38(1)-d Recordable instruments

An instrument evidencing sale or disposition of an interest in a subdivision shall be executed in a recordable form in accordance with the laws of the state where the land is located. The subdivider or applicant has the burden of showing compliance with this provision.

SDiv. 83.38(1)-e Apportionment of Taxes

Subd. 1. Subdivider's duties.

(1) In a transaction for the sale of land under the act in which taxes are to be paid by either party, a subdivider shall:

(a) Certify that there are no taxes, other than current taxes, owing on the property involved at the date of filing the statement of record, a consolidated statement of record, or

an amendment to either; and

(b) Provide a form of escrow satisfactory to the Commissioner in accord with paragraph (2) below if part of the purchasers' funds paid in or payable by the terms of the instrument disposing of the land are to be used for payment of taxes.

(2) In order that a purchaser will receive the interest in lands contracted for, a subdivider shall place in an escrow satisfactory to the Commissioner sufficient funds to pay reasonably anticipated tax bills on the property of a subdivision. If the subdivider apportions real property taxes and requires a purchaser to pay such taxes in a lump sum or on a periodic basis, the subdivider shall place in the escrow 100% of the sum due.

Subd. 2. Responsibilities not to be imposed on the purchaser.

(1) A purchaser is not responsible for payment of taxes or assessments levied before the effective date of his agreement with a subdivider or his agent, and the instruments evidencing the sale or disposition of an interest in a land shall so state.

(2) A purchaser shall not be assessed a service fee or be required to pay a consideration for the assessment or allocation of taxes on the land involved in the transaction.

APPROVED AS TO FORM AND LEGALITY

March 4 19 74

WARREN SPANNAUS, ATTORNEY GENERAL

BY Michael B Miller

SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
MAR 4 - 1974 - 10:15
Allen I. Erdahl
Secretary of State

FILED
RICHARD L. BRUBACHER
Commissioner of Administration
MAR 4 1974 10:30 am
BY Edna Staudenmaier
AUTH. SIGNATURE

PROPOSED RULES AND REGULATIONS FOR MINNESOTA LAWS 1973, CHAPTER 413

SDiv 83.20(1), Subd. 1. Advertising.

All advertising as defined in Minn. Stat. 1973, Section 83.20, Subdivision 1 shall be filed with the Commissioner prior to its use. All advertising shall satisfy the requirements specified herein and such additional requirements as the Commissioner may impose to assure full and fair disclosure for the protection of purchasers . The subdivider or applicant shall submit a true copy of any advertisement to be used in connection with the offering as an exhibit or amendment to the public offering statement.

Subd. 2. Definitions. For the purposes of advertising, the terms defined herein shall have the following meanings:

(1) Fully improved lots - lots may be described as fully improved only if the subdivision has paved roads, including concrete or asphalt, community or public water and sewer systems, gas, electricity and telephone.

(2) Improved Lots - means lots that are not fully improved because of lack of one or more of the requisite improvements as provided in paragraph (1) above.

(3) Unimproved lots - lots shall be described as unimproved when they have not been provided with any requisite improvements as provided in paragraph (1) above.

Subd. 3. General Standards.

(1) All claims or representations contained in any advertising shall be accurate and provable.

(2) It shall be fraudulent or misleading for any person in connection with the offer, sale or purchase of any subdivided lands, directly or indirectly.

(a) to employ any device, scheme or artifice to defraud,

(b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or

(c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

Subd. 4. Subdivision Advertising Criteria.

The use of any advertisement, including but not limited to print, radio broadcast or telecast concerning subdivided lands which contains any of the following, shall be presumed to be fraudulent, deceptive or misleading as provided in Minn. Stat. 1973, Section 83.29, Subdivision 2(2).

(1) The use of a name or trade style which implies that the subdivider, his agent or affiliate is a bona fide research organization, public bureau, non-profit group, or other similar establishment, when such is not the case.

(2) Reference to any improvement, facility, or utility in the subdivision which does not actually exist or is not yet completed unless completion is assured within a reasonable time by bonding or other means acceptable to the Commissioner.

(3) Reference to streets, roads, sewers, drainage or other utilities or conveniences which have not been accepted for maintenance by the subdivider or any other entity, unless such fact is fully disclosed.

(4) Reference to the availability of financing for on-site construction, unless written evidence thereof is in the possession of the subdivider and is available for inspection by prospective purchasers.

(5) Reference to unimproved subdivided lands as "developments" or "homesites" or other similar expressions, without reciting the improvements, if any, provided or to be provided by the subdivider. If no improvements are to be provided by the subdivider, the advertisement shall so state.

(6) Reference to roads which fail to disclose the true nature thereof and reference to such roads as improved unless they conform to applicable county or planned development specifications and have concrete or asphalt surfaces.

(7) The use of advertising material pictorial in nature that is not limited to a depiction of the actual on site condition of the subdivided lands as of the date of the effectiveness of the registration.

(8) Reference to points of interest, to cities or towns, to facilities or features located more than one mile from the nearest point in the subdivision, unless the distance in road miles along existing roads and the nature thereof is included.

(9) The use of "artists' conceptions" or renderings of the property and/or facilities, unless they are captioned as such and the subject matter of the conception or rendering has been bonded pursuant to SDiv. 83.23(3)-12, Subd. 2.

(10) The use of maps to show proximity to other communities or points of interest, unless such maps are drawn to scale and the scale appears on the map together with a statement of the distance in miles.

(11) For subdivisions proposing the purchaser supply his own water, reference to the water supply by the use of such superlatives or phrases as "abundant water," "plenty of water" or terms of similar import.

(12) Unqualified reference to any utility services as "available," unless such utility services are installed and ready for use, or adequate financial arrangements have been made for their installation.

(13) Reference to any facilities not a part of the subdivision which are to be constructed by the subdivider, which do not actually exist or are not completed, unless adequate financial arrangements have been made for such facilities.

(14) Reference to any clubs, clubhouses or recreational facilities unless a reasonable estimate of the cost and any limitations or restrictions on use are fully disclosed.

(15) Use of the words "exclusive" or "private" or words connoting the same when the general public has the right to access of any kind to any portion of the subdivision, unless the public rights to access are fully disclosed.

(16) Reference to property as "waterfront" unless the property being offered actually fronts on a canal or other body of water.

(17) The use of forecasts of future events or population trends unless such forecast was prepared by a valid government regulatory or information agency.

(18) The use of reprints of published material unless the information contained in the reprint is representative, truthful, relevant and pertinent to the subdivision being offered.

(19) The advertising of a lot as "free" if the purchaser is required to give any consideration whatsoever, and lots shall not be advertised for "closing costs only" when the closing costs are substantially more than normal, or when an additional lot or lots must be purchased at a higher price or to render the "free" lot usable.

(20) Reference to pre-development sales at a lower price because the land has not yet been developed unless there are plans of development, and a subdivision plat has been recorded.

(21) Reference that the property being offered for sale may be subdivided or re-subdivided unless it includes all necessary and relevant information regarding the cost and feasibility of future subdividing.

(22) Reference that the subdivider or an affiliate will resell or repurchase the property being offered at some future time unless the subdivider has made such a representation in writing to the Commissioner and the prospective purchasers, and it reasonably appears to the Commissioner that the subdivider or the affiliate has the ability to resell or repurchase.

(23) The use of the lot price unless such price includes all assessments or charges that must be paid by the purchaser or, in the alternative all assessments and charges are identified, including the dollar amount, and stated with the lot price.

(24) The use of lot prices when such lots constitute less than ten (10) percent of the total unsold inventory available for purchase.

(25) Reference to a discount in the price unless the subdivider shall furnish to the prospective purchaser a price list, a statement that the offer represents a special limited offer and the length of time the offer will be available.

(26) Reference to any increase in price unless the increase is valid and a copy of the proposed new price schedule and the date of the price increase is furnished to the prospective purchaser.

(27) Reference to the subdivider by any name other than that appearing on the public offering statement. Reference to any other entity shall state the relationship of that entity to the subdivider.

(28) Reference to any contest, prize, gift, drawing, coupon book, promotional meeting or dinner, or other similar offer.

(29) The use of any advertising which fails to prominently disclose that the property or any portion of the property is subject to regular or periodic flooding or covered by standing water for extended periods of time during the year if such is the case.

(30) Reference to anything otherwise prohibited by Minn. Stat. 1973, Chapter 82 and Chapter 83 and the rules and regulations promulgated thereunder.

Nothing contained herein shall limit the authority of the Commissioner to take formal action against an owner, subdivider or his agent for the use of fraudulent, deceptive or misleading advertising of a type not specifically described herein.

SDiv 83.23(3). Guidelines for Preparing Applications for Registration.

The guidelines set forth hereafter are intended to indicate the form and informational content of an application for registration required by the Securities Division of the Department of Commerce. These guidelines shall be applicable to applications filed for registration pursuant to Minn. Stat. 1973, Sections 83.23 and 83.26(2)(b). The primary purpose of the application for registration is to provide compliance with the requirements of Minn. Stat. Chapter 83 and the rules and regulations promulgated thereunder. The information to be included in the application for registration is set out in detail

in this section. The information requested is not to be viewed as determinative of the entire obligation of disclosure. Disclosure and the manner of disclosure will depend upon the particular facts and circumstances involved. Disclosure means more than merely compiling the information requested by the application form or supplying the information suggested by the guidelines. This obligation is the independent obligation of the subdivider, its counsel, its accountant and others contributing to the disclosure. Applications for registration which are inadequately prepared and seriously deficient in terms of compliance with the statute and rules will be summarily denied.

An application for registration of subdivided land shall be type written and submitted on 8 1/2" x 13" white bonded paper. The application shall state verbatum the questions in this section, with the appropriate answers underneath each question or attached as an addendum. Such application shall be in the following form:

File No._____
Date Approved_____
Date Denied_____
Examiner_____
Commissioner_____

REGISTRATION OF SUBDIVIDED LANDS

This form is to be prepared and filed pursuant to Chapter 83 of the Minnesota Statutes, 1973, Section 83.23, Subd. 3 and mailed to:

State of Minnesota
Department of Commerce
Securities Division
5th Floor, Metro Square Building
Saint Paul, Minnesota 55155

1.(a) State the name of the subdivision.

(b) State the exact location of the property identifying the closest community and the distance thereto.

(c) State the total number of lots, parcels, units or interests to be offered in this offering.

2.(a) State the name and address of the subdivider.

(b) State the form, date of organization and jurisdiction of the organization filing this registration.

(c) State the name and address of each of the organization's offices in this state.

(d) State the names and addresses of the organization's agents in this state.

3.(a) State the name, address and principal occupation for the past five years of each director, officer and partner of the subdivider and every person occupying a similar status performing similar functions.

(b) State the name and address of each owner of 10 percent or more of the subdivider in the event that the subdivider is a corporation or partnership.

(c) If the response to subparagraph (b) above is in the affirmative, state the extent and nature of the interest identified in the subdivider or in the lands to be subdivided as a date 30 days prior to the filing of this application.

4. State the condition of title to the land to be subdivided, including but not limited to, a statement reflecting all encumbrances, deed restrictions, and covenants applicable to such title and state the condition of the title as recorded as of a date 30 days prior to the filing of this application. THE STATEMENTS REQUIRED BY THIS PARAGRAPH MUST BE AUTHORED BY A LICENSED PRATICING ATTORNEY WHO IS NOT A SALARIED EMPLOYEE, PARTNER, OFFICER, OR DIRECTOR OF THE SUBDIVIDER OR AN AGENT OF THE SUBDIVIDER, AND SUCH ATTORNEY SHALL CERTIFY AS PART OF THE STATEMENT THAT SAID ATTORNEY ENJOYS SUCH A STATUS.

5.(a) Append hereto copies of instruments which will be delivered to a purchaser evidencing the interest to be acquired in the subdivided lands.

(b) Append hereto copies of contracts and other agreements which a purchaser would be required to agree to or sign.

(c) State the range of selling prices, rates or rentals at which it is proposed the subdivided lands, including lots, units, parcels or other interests in said subdivided lands, will be disposed of, together with a list of mandatory fees the purchaser may be required to pay for membership in groups such as home owners' associations, country clubs, golf courses and other community organizations.

6. Append thereto copies of the instruments by which the interest in the subdivided land was acquired by the applicant or the subdivider.

7. In the even that there is a lien or encumbrance affecting the subdivided land or any portion thereof as disclosed in paragraph 3 above append hereto a legal description of the lien or encumbrance. Further, if said lien or encumbrances affecting the subdivided lands.

9. Append hereto a legal description of the lands to be subdivided verified by affidavit of an independent professional land surveyor which shall include a statement of the topography and a topographical map together with a map showing the division to be proposed or made, the dimensions of the lots, parcels units, or interests and the relation of the subdivided lands to existing streets, roads, and other offsite stakes have been placed in accordance with the land surveyed.

10. If such markers, monuments or stakes have not been placed, state the estimated cost of accomplishing this result.

11. Name the states or other jurisdications in which an application for registration has been filed and whether any adverse order, judgment or decree has been entered in connection with the sale of subdivided land by any regulatory authority, by any jurisdiction or by any court.

12(a) State whether local zoning and other governmental laws, ordinances and regulations affecting the use of these subdivided lands and adjacent properties have been complied with.

(b) State the dates of the most recent zoning changes indicating the nature of such changes, any additional proposed changes now pending which may affect the use of the lands to be subdivided.

(c) State whether there are any existing tax and existing or proposed special taxes or assessments which may affect land to be subdivided.

13(a) State what provisions have been made for access to the subdivision.

(b) State the availability of sewage disposal facilities and other public utilities, including but not limited to, water, electricity, gas, and telephone facilities in the subdivision.

(c) State the proximity in miles of the subdivision to nearby municipalities.

(d) State the availability and scope of existing community fire and police protection.

(e) State the location of primary and secondary schools.

(f) State the improvements to be installed, including off-site and on-site community and recreational facilities, including a statement identifying by whom such facilities are to be installed, maintained, and paid for and an estimated schedule for completion.

(g) Append hereto copies of performance and completion bonds covering all lots or parcels within the subdivision on which money is paid or advanced by a purchaser to assure that the planned improvements will be completed.

14. Append hereto a narrative description of the promotional plan for the sale, lease, option, assignment, or other disposition of the subdivided lands together with copies of all advertising material which will be employed in the public disposition of the subdivided lands.

THE SUBJECT MATTER OF ADVERTISING MATERIAL PICTORIAL IN NATURE IS LIMITED TO A DEPICTION OF ACTUAL ON-SITE CONDITIONS OF THE SUBDIVIDED LAND AS OF A DATE NO LATER THAN THE EFFECTIVE DATE OF THIS REGISTRATION. SUBDIVIDERS ARE CAUTIONED THAT A VIOLATION OF THIS REQUIREMENT MAY SUBJECT THEM TO CIVIL AND CRIMINAL PENALTIES INCLUDING, BUT NOT LIMITED TO, A REVOCATION OF THE REGISTRATION AND REVOCATION OF THEIR LICENSE TO SELL IN THE STATE OF MINNESOTA.

15. Append hereto a copy of the proposed public offering statement.

16. Append hereto a financial statement of the subdivider as of the end of the subdivider's most recent fiscal year bearing an unqualified certification reflecting an audit by an independent certified public accountant. If the fiscal year end of the subdivider is in excess of 90 days prior to the date of filing the application, a financial statement, which may be unaudited, is to be appended reflecting the financial condition of the subdivider as of a date within 90 days of the date of the application.

17. State the condition of the land to be subdivided as it existed in its natural state, prior to development, and state in narrative fashion any changes that have occured through the subdivider's efforts current to the date of this application.

18. A statement asserting that the subdivision is in compliance with federal, state and local environmental quality standards, if the subdivision is not in compliance, a listing of the steps to be taken, if any, to insure compliance.

19. State what permits are required to be obtained from federal, state and local agencies having jurisdiction over the development or subdivision of the land to be subdivided. Indicate which permits have been obtained, which have been applied for and state whether any permit has been refused, including a statement of the reasons for the refusal and the effect such refusal will have on subsequent development of the subdivision.

20. State whether the subdivider or any of its officers, directors, partners, principals or agents have been convicted of a crime involving land disposition or any aspect of the land sales business in this state, any other state, under the laws of the United States of America, or in any foreign country within the last 10 years or has been subject to any injunction or administrative order entered within the past 10 years enjoining or restraining any promotional plan or sales activity involving land disposition. If the response is in the affirmative, state the name of the person or company involved, the jurisdiction, and provide a complete statement of the offense and the dates on which the offense occured.

21. Append hereto a statement subscribed to by the subdivider attesting to the capacity of the subdivider to convey or cause to be conveyed the interest in the subdivided lands offered for sale, lease, option, assignment or other disposition when the purchaser has complied with and fulfilled the terms of the offer where applicable. This statement should include a description of release causes, conveyances in trust or other safeguards which the subdivider has provided for the protection of the purchaser.

THE SUBDIVIDER CONSENTS TO PERMIT INSPECTION OF THE LOTS, PARCELS, UNITS OR INTERESTS TO BE OFFERED AND FURTHER TO PERMIT INSPECTION OF ITS BOOKS, RECORDS, ACCOUNTS AND FILES BY THE COMMISSIONER OF SECURITIES OR HIS DESIGNEE WITH REFERENCE TO THE SALE OF THE SUBDIVIDED LANDS DESCRIBED HEREIN, AND AGREES TO PROVIDE THE COMMISSIONER WITH SUCH ADDITIONAL INFORMATION WITH RESPECT TO THE SALE OF THESE SUBDIVIDED LANDS AS HE MAY REQUIRE.

The undersigned certifies that he has read the contents of the above form and the exhibits appended hereto and certifies that he has personal knowledge of the contents hereof and knows the responses set forth are true and accurate.

Dated this_____day of_____ _____
SUBDIVIDER

BY ITS_____

Subscribed and sworn to before me
this_____day of_____

_____

SDiv 83.23(3)-1. Consent to Service of Process.

NOW ALL MEN BY THESE PRESENTS:

That the undersigned, _____ (a corporation organized under the laws of the State of _____) for the purpose of complying with the laws of the State of Minnesota relating to either the registration or sale of subdivided land, hereby irrevocably appoints the Commissioner of Securities, and the successors in such office, its attorney in the State of Minnesota upon whom may be served any notice, process or pleading in any action or proceeding against it arising out of or in connection with the sale of subdivided land or out of violation of the aforesaid laws of said State: and the undersigned does hereby consent that any such action or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within said State by service of process upon said officer with the same effect as if the undersigned was organized or created under the laws of said State and had lawfully been served with process in said State.

It is requested that a copy of any notice, process or pleading served hereunder be mailed to:

_____

(Name and Address)

_____

Dated: _____, 19___.

(SEAL)

_____

By _____

Title _____

By _____

Title _____

CORPORATE ACKNOWLEDGMENT

STATE OF _____)
) SS.
COUNTY OF _____)

On this _____ day of _____. 19__, before me _____, the undersigned officer, personally appeared _____ and _____, known personally to me to be the ___President and ___Secretary, respectively, of the above named corporation, and that they, as such officers, being authorized so to do, executed the foregoing instrument for the purposes therein contained, be signing the name of the corporation by themselves as such officers.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

_____

Notary Public

(Notarial Seal)

My commission expires _____

INDIVIDUAL OR PARTNERSHIP ACKNOWLEDGMENT

STATE OF _____)
) SS.
COUNTY OF _____)

On this _____ day of _____, 19___, before me _____, the undersigned officer, personally appeared _____, to me personally known and known to be the same person(s) whose name(s) is(are) signed to the foregoing instrument, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

_____
Notary Public

(Notarial Seal)

My commission expires: _____

CORPORATE RESOLUTION

OF

_____
(Name of Corporation)

RESOLVED, that it is desirable and in the best interest of this Corporation that its subdivided land be qualified or registered for sale in various states; that the President or any Vice President and the Secretary or an Assistant Secretary hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the subdivided lands of this Corporation as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of this Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, performance or completion bonds irrevocable consents and appointments of attorneys for service of process; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor from this Corporation and the approval and ratification by this Corporation of the papers and documents so executed and the action so taken.

CERTIFICATE

The undersigned hereby certifies that he is the ___ Secretary of _____, a corporation organized and existing under the laws of the State of _____; that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said corporation held on the _____ day of _____, 19___, at which meeting a quorum was at all times present and acting; that the passage of said

resolution was in all respects legal; and that said resolution is in full force and effect.

Dated this _____ day of _____, 19___.

(Corporate Seal)

_____
Secretary

SDiv. 83.23(3)-12. Subd. 1. Operating and Maintenance Funds during Start-up. When the offering involves a development and/or maintenance of common areas by the subdivider, an owners association or other entity, the subdivider shall be required to comply with one or more of the following to assure the availability of funds for the ownership, operation and maintenance of such common areas:

(1) Posting of a surety bond or other adequate security in an amount and subject to such terms, conditions and coverage as the Commissioner may require;

(2) Postponement of closing of any escrow until 60% of all lots, parcels or units have been sold and are simultaneously closed;

(3) Deposit with an escrow acceptable to the Commissioner of funds equal to estimated ownership, operation and maintenance expenses for common areas as determined by the Commissioner. An escrow acceptable to the Commissioner shall be one in which the funds are held within the jurisdiction and will be released only with the written consent of the Commissioner.

(4) An alternative plan acceptable to the Commissioner.

Subd. 2. Improvements. When certain improvements are designated in the application for the registration or the application for the exemption but are not totally completed by the effective date, the subdivider shall comply with one or more of the following to assure that the improvements will be completed.

(1) Posting of a surety bond or other adequate security in an amount and subject to such terms, conditions and coverage as the Commissioner may require;

(2) Deposit with an escrow acceptable to the Commissioner of funds equal to the estimated cost of completion of the improvements as determined by the Commissioner. An escrow acceptable to the Commissioner shall be one in which the funds are held within this jurisdiction and may be released only with the written consent of the Commissioner.

(3) Irrevocable letters of credit from a lending institution acceptable ot the Commissioner in an amount and subject to the terms and conditions as the Commissioner may require.

(4) An alternative plan acceptable to the Commissioner.

Subd. 3. Service of Process. When a surety bond is required and is filed in another jurisdiction in satisfaction of requirements similar to this section, and such bond is acceptable to the Commissioner, the surety company shall appoint the Commissioner as agent for service of process in this jurisdiction.

Subd. 4. For subdivision proposing the purchaser supply his own wate the public offering statement shall disclose the following:

(1) The average, maximum and minimum depths to ground water within the subdivision.

(2) The recommended total depths of wells.

(3) The estimated yield from such wells.

(4) The life expectancy of the water supply under full development of the subdivision.

(5) The lithologic character of formations through which the well is to be completed.

(6) The source and yield of surface water supply, if any.

(7) The use of the land prior to development with emphasis on whether or not the soils, and ground waters, may be contaminated in some way.

SDiv 83.23(3)-18. Licenses, Permit or Written Approval

The following is a list of licenses, permits, or other written approvals required by the State of Minnesota and local governing bodies. Such list is intended as a guide for the procurement of the proper license, permit or written approval for subdivisions located

within the State of Minnesota. Those subdivisions located outside of Minnesota will be required to conform to the state and local requirements of that jurisdiction. This list should not be construed as complete. Each subdivider will be required to obtain all state and local licenses, permits, or written approval where applicable, whether or not contained herein.

(1) A license, permit, or other written approval from the Department of Natural Resources must be obtained prior to the commencement of the activities contained herein:

(a) Appropriation of any public water-surface or underground.

(b) Removal by cutting of aquatic vegetation.

(c) Placement of any fill material (temporary or permanent) which will change the course, current or cross-section of any public water.

(d) Water level control structures.

(e) Dam construction or abandonment.

(f) Fish or wildlife impoundments.

(g) Revetments and other shore protection.

(h) Breadwater, wharfs, or jetties.

(i) Boathouse and permanent dock construction or replacement.

(j) Channel or shoreline excavation.

(k) Stream or channel enlargement or relocation.

(l) Extensions of public water.

(m) Harbors and marinas.

(n) Underwater sewer and water lines.

(o) Navigational improvements or obstructions.

(p) Bridges and piers.

(q) Beach sand blankets.

(r) Any other alternation of public waters not mentioned above.

(s) Utility crossings.

(t) Cluster developments in shoreland areas.

(2) A license, permit, or other written approval from the Department of Health must be obtained prior to the commencement of the activities contained herein:

(a) The operation of a hotel-motel, resort, lodging house, boarding house, restaurant or place of refreshment as defined in Minnesota Statutes 1973, Chapter 157.

(b) The operation of mobile home park or recreation camping area as defined in Minnesota Statutes 1973, Chapter 327.

(c) Approval of the plans for all buildings and facilities that are publicily owned or are for use by the public.

(d) Licenses pertaining to wells and soil absorption sewage disposal.

(3) If a trunk highway runs through or is adjacent to a subdivision a permit from the Department of Highways is required to construct entrance connecting with such trunk highway.

(4) A permit must be obtained from the Pollution Control Agency to construct, install or operate a disposal system pursuant to Minnesota Statutes 1973, Chapter 115.

(5) A license, permit, or other written approval from the local governing body must be obtained prior to the commencement of the activities contained herein.

(a) A building permit for the construction of, or addition to, a building, road, or other improvement.

(b) An electrical permit.

(c) A plumbing permit.

(d) A permit to install heating, air conditioning, or ventilation system in a building or other improvement.

(e) A permit to install an elevator

(f) (f) A permit for the construction of advertising signs.

(g) Any other license, permit or written approval as required by the local governing body.

SDiv 83.23(3)-21. Computation of time.

Subd. 1. Where the performance or doing of any act, duty, matter, payment, or thing is ordered or directed, and the period of time or duration for the performance or doing thereof is prescribed and fixed by law, rule or order, such time, except as otherwise provided in Subd. 2 below, shall be computed so as to exclude the first and include the

last day of any such prescribed or fixed period or duration of time. When the last day of such period falls on Sunday or on any day made a legal holiday, by the laws of this state or of the United States, such day shall be omitted from the computation.

Subd. 2. When the lapse of a number of months before or after a certain day is required by the law, rule or order, such number of months shall be computed by counting the months from such day, excluding the calendar month in which such day occurs, and including the day of the month in the last months so counted having the same numerical order as the day of the month from which the computation is made, unless there be not so many days in the last month so counted, in which case the period computed shall expire with the last day of the month so counted.

SDiv 83.24(1). Guidelines for Public Offering Statement.

Subd. 1. The guidelines set forth hereafter are intended to indicate the form and informational content of an offering statement acceptable to the Securities Division of the Department of Commerce. The primary purpose of the public offering statement is to inform a prospective purchaser of the terms upon which said purchaser may acquire the property offered, the risks inherent in the purchase, material facts respecting the history, business, management, and capitalization of the subdivider offering said property for sale, and such other information necessary and material to briefly and accurately advise a prospective purchase of the nature and character of the property purchased.

What must be disclosed and the manner of disclosure in any offering statement will depend upon the particular facts involved. Disclosure means more than merely compiling the information required by the application form or supplying the information suggested by these guidelines. Since substantial criminal and/or civil penalties may result from incomplete or misleading disclosure, it is the independent obligation of the subdivider, its counsel, its accountant, and others contributing to said disclosure to determine what information is relevant to full and fair disclosure and to supply that information

whether or not it is also required by the application form or suggested by these guidelines.

IT IS THE OBLIGATION OF THE SUBDIVIDER IN EVERY CASE TO ADD TO THE INFORMATION REQUIRED SUCH FURTHER INFORMATION, IF ANY, AS MAY BE NECESSARY TO MAKE THE REQUIRED STATEMENTS, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY ARE MADE, NOT MISLEADING.

Subd. 2. The public offering statement shall state the verbatim questions in this section. The subdivider shall answer the questions directly and completely in accordance with the above instructions and employ the following language on the face of the offering statement, which may appear either in printed form or attached to the property report filed with the Office of Interstate Land Sales, United States Department of Housing and Urban Development:

1. The properties offered for sale have not been approved or disapproved by the Securities Division, Department of Commerce, State of Minnesota, nor has the Department of Commerce passed upon the accuracy or adequacy of this offering statement. Any representation to the contrary would be a criminal offense.
2. No act of a purchaser shall be effective to waive the right to rescind.
3. Minnesota Law provides a purchaser has an unconditional right to rescind any contract, agreement or other evidence of indebtedness, or to revoke any offer, at any time prior to or within days after the date the purchaser actually receives a legible copy of the binding contract, agreement or other evidence of indebtedness or offer and the public offering statement.

SDiv. 83.24(2). A proposed public offering submitted to the Commissioner shall be in the following form and shall include:

1. Name(s) of subdivider _____

   Address _____
2. Name of subdivision _____

   Location _____ County, State of _____

a. Effective date of Public Offering Statement _____

b. This offering cnsists of _____

3. List names and populations of surrounding communities and list distances over paved and unpaved roads to the subdivision.

| Name of community | Population | Distance over paved roads | Unpaved roads | Total |
|---|---|---|---|---|
| a. | | | | |
| b. | | | | |
| c. | | | | |
| d. | | | | |
| e. | | | | |

4. If periodic payments are to be made by a purchaser (as in the case of installment sales contracts) complete all items under this paragraph 4. If not, enter "Not Applicable."

a. Will the sales contract be recordable? Yes or No?

* b. In the absence of an immediate recording of the contract or deed, could third parties or creditors of any person having an interest in the land acquire title to the property free of any obligation to deliver a deed? Yes or No? _____ Explain _____

_____

c. State when the contract or deed will be recorded, and who will record it. State who will bear the costs of recordation, and the amount if those costs are to be borne by the purchaser.

d. What provision, if any, has been made for refunds if purchaser defaults? If none, and the purchaser payments are to be retained, state whether his loss will be limited to the amount of his payments to date, or whether he will be responsible to the subdivider or his assignees for additional damages or for the balance of his contract.

5. Is there a blanket mortgage or other lien on the subdivision or portion thereof in which the subject property is located? Yes or No? If yes, list below and describe arrangements, if any, for protecting interests of the buyer or lessee if the subdivider defaults in payment

of the lien obligation. If there is such a blanket lien, describe arrangements for release to a purchaser of individual lots when the full purchase price is paid.

| | Type of lien | Effect on purchaser if subdivider defaults |
|---|---|---|
| a. | _____ | _____ |
| b. | _____ | _____ |
| c. | _____ | _____ |

6. Does the offering contemplate leases of the property in addition to, or as distinguished from, sales? Yes or No? If yes, a lease addendum must be completed, attached, and made a part of the Public Offering Statement.

7. Is purchaser or lessee to pay taxes, special assessments, or to make payments of any kind for the maintenance of common facilities in the subdivision (a) before taking title or signing of lease or (b) after taking title or signing of lease? If yes, complete the schedule below:

| | Approximate amount of purchaser's or lessee's annual payments |
|---|---|
| Taxes _____ | $_____ |
| Special assessments _____ | _____ |
| Payments to property owners' association _____ | _____ |
| Other _____ | _____ |
| Specify _____ | _____ |

8. (a) Will purchaser's downpayment and installment payments be placed in escrow or otherwise set aside? Yes or No? If yes, with whom? If not, will title be held in trust or in escrow?

(b) Except for those property reservations which land subdividers commonly convey or dedicate to local bodies or public utilities for the purpose of bringing public services to the land being subdivided will purchaser receive a deed free of exceptions? Yes or No? If no, list all restrictions, easements, covenants, reservations and their effect upon buyer.

(c) List the permissible uses of the property based upon the restrictive covenants, and which are consistent with local zoning ordinances.

(d) List all existing or proposed unusual conditions relating to the location of the subdivision and to noise, safety or other nuisances which affect or might affect the subdivision.

9(a) List all recreational facilities currently available (e.g., swimming pools, golf courses, ski slopes, etc.). State who owns or will own the facility and any costs or assessments to the purchaser or lessee.

(b) If facilities are proposed or partly completed, state promised completion date, provisions to assure completion, and all estimated costs or assessments to purchaser or lessee. If there are no provisions to assure completion, so state.

| Description of each facility | Percentage of completion | Estimated completion date |
|---|---|---|
| | | |

10. State whether or not the following are available in the subdivision:

(a) Roads:

1. Access to the subdivision: Paved _____, unpaved _____, percentage of completion _____, estimated completion date _____ _____.

2. Road system within the subdivision: Paved_____, unpaved_____, percentage of completion_____, estimated completion date_____.

(b) Utilities:

1. Water.
2. Electricity.
3. Gas.
4. Telephone.
5. Sewage disposal.
6. Drainage and Flood Control.
7. Television.

(c) Municipal Services:

1. Fire protection.

2. Police protection.

3. Garbage and trash collection.

4. Public schools:

A. Elementary schools.

B. Junior high school.

C. High school.

5. Medical and dental facilities:

A. Hospital facilities.

B. Physicians and dentists.

6. Public transportation.

7. U.S. Postal Service.

11. Will the water supply be adequate to serve the anticipated population of the area?

12. Is any drainage of surface water, or use of fill necessary to make lots suitable for construction of a one-story residential structure? Yes or No? If yes, state whether any provision has been made for drainage or fill and give estimate of any costs purchaser would incur.

13. State whether shopping facilities are available in the subdivision; if not, state the distance in miles to such facilities and whether public transportation is available.

14. Approximately how many homes were occupied as of _____ (insert date of filing)?

15. (a) State elevation of the highest and lowest lots in the subdivision and briefly describe topography and physical characteristics of the property.

(b) State in inches the average annual rainfall and, if applicable, the average annual snowfall for the subdivision or the area in which it is located.

(c) State temperature ranges for summer and winter, including highs, lows and means.

16. Will any subsurface improvement, or special foundation work be necessary to construct one story residential or commercial structures

on the land? Yes or No? If yes, state if any provision has been made and estimate any costs purchaser would incur.

17. State whether there is physical access (by conventional automobile) over legal rights-of-way to all lots and common facilities in the subdivision. State whether the access will be by public or private roads and streets and whether they will be maintained by public or private funds.

18. Has land in the subdivision been platted of record? Yes or No? If not, has it been surveyed? Yes or No? If not, state estimated cost to purchaser to obtain a survey.

19. Has each individual lot been staked or marked so that the purchaser can identify the boundary lines of his lot? If not, state estimated cost to purchaser or lessee to obtain a survey and to have boundary lines staked or marked.

20. State whether a comprehensive program is in effect to control soil erosion, sedimentation, and flooding throughout the entire subdivisio Yes or no. If yes, has the plan been approved by officials responsible for the regulation of land development? Yes or No.

21. Will the subdivider represent as a part of his sales program that the lot has investment potential? Yes or No. _____.

If you as a prospective purchaser are considering the purchase of a lot as an investment for future resale you should consider the following potentially adverse factors.

(a) A significant percentage of the sales price may have been committed to promotional advertising and sales commission.

(b) Significant costs may be incurred in the resale of the lot.

(c) Your lot may have to be sold in direct competition with the subdivider's sales program.

(d) Substantial population growth within the subdivision cannot be assured.

(e) Promotional sales stimulus such as that used by the subdivider will not be available to you.

(f) No assurance can be given that a real estate broker will agree to list your lot or to show it to prospective purchasers. This

is especially important if your lot is located in a remote subdivision.

22. State whether the subdivider offers a resale program for those purchasers who wish to resell their lot. Yes or No _____. State how the purchaser will resell his lot in the absence of such a program. List any factors which may limit or affect the purchaser's ability to resell his lot.

The purchaser's reference to financial statements and the signature lines should be added to the format, as follows:

PURCHASER SHOULD CAREFULLY REVIEW THE ATTACHED FINANCIAL STATEMENTS OF THE SUBDIVIDER (SEE EXHIBIT A).

Signatures of the officials of the subdivider:

| | |
|---|---|
| President | Date |
| Vice President (name of subdivider) | Date |
| Chief Financial Officer | Date |
| Chairman Board of Directors | Date |

Minnesota addendum.

In addition to the information required above, Public Offering Statements authorized for use in the State of Minnesota shall include the following:

1. A statement whether the subdivider holds any options to purchase adjacent properties, and if so, a description of such options and the location and zoning of the adjacent properties.

2. A statement indicating whether there is as of the date of registration an existing market for resale of any properties sold pursuant to this offering.

3. The material terms of any encumbrances, easements, liens, and restrictions, including zoning and other regulations affecting the subdivided lands and each unit or lot, a statement of the subdivider's efforts to remove such lien or encumbrance, and a statement of all existing taxes and existing or proposed special taxes or assessments which affect the subdivided lands.

4(a). PURCHASER SHOULD CAREFULLY REVIEW THE ATTACHED FINANCIAL

STATEMENTS OF THE SUBDIVIDER (SEE EXHIBIT A).

(b) A financial statement of the subdivider as of the end of the subdivider's most recent fiscal year, audited by an independent certified public accountant should be attached hereto as Exhibit A; and, if the fiscal year end of the subdivider is in excess of 90 days prior to the date of filing the application, a financial statement, which may be unaudited, as of a date within 90 days of the date of application should be attached to this as Exhibit B.

(c) All registation statements filed with the Commissioner shall include a manually signed and dated consent of the accountant to the use of his name and his report in the public offering statement.

5. ALL SIGNATURES REQUIRED BY THESE RULES MUST BE MANUAL SIGNATURES.

6. The name, principal address and telephone number of the subdivider and of its offices and agents in this state.

7. A statement asserting that the subdivision is in compliance with federal, state and local environmental quality standards. If the subdivision is not in compliance, a listing of the steps to be taken, if any, to insure compliance.

SDiv 83.26(2)-b. A statement of the subdivider shall be type written and submitted on 8 1/2" x 13" white bonded paper. The statement shall state verbatim the questions in this section, with the appropriate answers underneath each question, or attached as an addendum. Such statement shall be in the following form:

File No._____
Dated Approved_____
Date Denied_____
Examiner_____
Commissioner_____

STATEMENT OF THE SUBDIVIDER
M. S. 83.26, Subd. 2(b)

This form is to be prepared and filed pursuant to Minnesota Statutes 1973, Section 83.26 and mailed to:

State of Minnesota
Department of Commerce
Securities Division
5th Floor, Metro Square Bldg.
Saint Paul, Minnesota 55155

1. State the name of the subdivision.

2. State the name and address of the subdivider.

3. State the form, date of organization and jurisdiction of the organization filing this registration.

4. State the name and address of each of the organization's offices in this state.

5. State the names and addresses of each of the organization's agents in this state.

6. If the subdivision consists of land, attach a general description of the subdivided lands which shall include, but not be limited to, the following:

   a. The exact location of the property identifying the closest community and the distance thereto;

   b. A topographical description;

   c. The purpose for which sales are being made (i.e., residential, commercial, industrial, recreational or investment);

   d. The total number of lots, parcels, units or interests to be offered in this offering;

   e. Whether or not other units in this development have been sold during the past 12 months, and if so how many and where located.

7. If the subdivision is composed of units other than land, attach a general description of the units to be sold which shall include, but be limited to, the following:

   a. Exact location of the units identifying the closest community and distance thereto;

   b. The purpose for which sales are being made (i.e., residential, commercial, industrial, recreational or investment);

   c. The total number of lots, parcels, units or interests to be offered in this offering:

   d. Identify exactly what is being offered;

   e. Whether or not any other units in this development have been sold during the past 12 months and if so, how many and where located.

8. Attach a title opinion of a licensed practicing attorney concerning the title to the subdivided lands which shall include all encumbrances, deed restrictions and covenants applicable thereto.

9. Attach copies of instruments which will be delivered to a purchaser to evidence his interest in subdivided lands and of the contracts or other agreements which the purchaser will be required to agree to or sign, together with the range of selling prices, rates or rentals at which it is proposed to dispose of the lots, units, parcels or interests in the subdivisions and the list of mandatory fees the purchaser may be required to pay for membership in groups, including but not limited to, home owners' associations, country clubs, golf courses and other community organizations.

10. A statement showing compliance with zoning and other governmental laws, ordinances and regulations affecting the use of the subdivided lands and adjacent properties.

11. A statement asserting that the subdivision is in compliance with federal, state and local environmental quality standards, if the subdivision is not in compliance, a listing of the steps to be taken, if any, to insure compliance.

12. State what permits are required to be obtained from federal, state and local agencies having jurisdiction over the development or subdivision of the land to be subdivided. Indicate which permits have been obtained, which have been applied for and state whether any permit has been refused, including a statement of the reasons for the refusal and the effect such refusal will have on subsequent development of the subdivision.

13. The statement of existing provisions of access to the subdivision, the availability of sewage disposal facilities and other public utilities included but not limited to, water, electricity, gas and telephone facilities in the subdivision, proximity in miles of the subdivision to nearby municipalities, availability and scope of community fire and police protection, the location of primary and secondary schools; a statement of the improvements to be installed, including off-site and on-site community and recreational facilities, by whom they are to be installed, maintained and paid and an estimated schedule for completion.

14. Attach copies of all advertising to be used in the promotional planning for disposition.

15. A statement as to whether or not the lots have been permanently "staked", monuments erected or other commonly approved methods of survey physicially designating the individual units and if not, what steps are to be taken to complete same.

16. Attach an irrevocable appointment of the Commissioner to receive service of any lawful process, any civil proceeding arising under this act against the subdivider, or his personal representative.

THE SUBDIVIDER CONSENTS TO PERMIT INSPECTION OF THE LOTS, PARCELS, UNITS OR INTERESTS TO BE OFFERED AND FURTHER TO PERMIT INSPECTION OF ITS BOOKS, RECORDS, ACCOUNTS AND FILES BY THE COMMISSIONER OF SECURITIES OR HIS DESIGNEE WITH REFERENCE TO THE SALE OF THE SUBDIVIDED LANDS DESCRIBED HEREIN, AND AGREES TO PROVIDE THE COMMISSIONER WITH SUCH ADDITIONAL INFORMATION WITH RESPECT TO THE SALE OF THESE SUBDIVIDED LANDS AS HE MAY REQUIRE.

The undersigned certifies that he has read the contents of the above form and the exhibits appended hereto and certifies that he has personal knowledge of the contents hereof and knows the responses set forth are true and accurate.

Dated this_____ day of_____ _____
SUBDIVIDER

BY ITS_____

Subscribed and sworn to before me
this_____ day of_____

_____

A $10.00 fee must be filed with this Application. Make check payable to Treasurer, State of Minnesota.

SDiv. 83.29(2) Fraudulent, Deceptive, Misleading or Unfair and Inequitable Acts.

The methods, acts and practices contained herein or similar thereto shall be presumed fraudulent, deceptive, misleading or unfair and inequitable if engaged in by the subdivider or his agent and shall constitute grounds for denial, suspension or revocation of the registration, and for denial, suspension or revocation of the license of the subdivider or his agent.

Subd. 1. Approvals and memberships.

(1) Representing that the subdivider, his agents, servants, employees, or others acting on his behalf, have sponsorship, approval or certification they do not have.

(2) Representing that land has been inspected by the Commissioner and/or received approval.

(3) Representing the necessity, desirability, or the advantage of dealing with a subdivider, such as false or alleged connection with or indorsement by the government, nationally known organization, or membership in a professional association.

Subd. 2. Availability of land and utilities.

(1) Representing the availability of land without clearly and conspicuously disclosing in immediate conjunction therewith any limitation on location, including location in relationship to amenities, and quantity

(2) Representing or giving the impression during tours of the property in radio-equipped motor vehicles or similar methods that a prospective purchaser has to act quickly to purchase specific or choice lots, units, parcels or interests in land because of purported scarcity of such land or reasons similar thereto.

(3) Representing a utility service as "available" or a similar representation, unless such utility service is installed and ready for use, or use is assured under financial arrangements made for installation and approved by the Commissioner, and such arrangements are disclosed.

Subd. 3. Access to subdivisions.

(1) Representing or suggesting that a subdivision is restricted to owners, purchasers or their families by means of guards or private roads or facilities unless it is true.

(2) Representing that a prospective purchaser must pay a refundable or nonrefundable temporary membership fee in order to visit, tour, or inspect a subdivision for the reasons that such is restricted to members only when in fact such offer is made systematically and on a regular basis to all persons solicited for purchase.

Subd. 4. Visits and free goods and services.

(1) Failing to reveal in an offer to induce a person to visit, inspect, or tour a subdivision all terms, conditions or prerequisites that must be met by any person.

(2) Offering or representing that goods or services are "free" without clearly or conspicuously disclosing in immediate conjunction with the offer or representation all terms, conditions, or prerequisites to the receipt, retention, or use of the goods or services.

Subd. 5. Price, value and credit.

(1) Representing or implying that a prospective purchaser has to act quickly to purchase land at a savings by reason of an imminent price increase, unless the increase is valid and a copy of the proposed new price schedule and the date of the price increase is furnished to the prospective purchaser.

(2) Representing the price of land has been discounted or reduced unless in fact the original price was the customary price for a reasonable period of time.

(3) Representing or suggesting that the price of land is less when compared to other land sold by competitors unless such other land has the same characteristics, attributes and qualities of the offered or advertised land and such prices are not fictitious.

(4) Representing orally or in writing that a purchaser is making an investment.

(5) Representing or suggesting that credit is readily available when in fact it is not.

(6) Representing or suggesting that the terms of such credit are liberal or lenient when in fact they are not.

Subd. 6. Repurchases, refunds, consideration for referrals.

(1) Representing that the subdivider will buy back, resell, list or otherwise dispose of purchased property unless the terms are set forth in the contract, purchase agreement, or other similar instrument, and the Commissioner has been furnished a copy of the buyback or resale agreement.

(2) Inducing a person to buy land, execute a contract, agreement, option for consideration, or other evidence of indebtedness for the purchase of land upon the representation to the person that a refund will be made if not satisfied, unless such representation is set forth in the contract, purchase agreement or other similar instruments.

Subd. 7. Promotion schemes, documents.

(1) Representing that a subdivider, salesman, agent, servant, employee, or other persons acting on behalf of a subdivider is conducting a survey, contest, poll, or other similar inquiry, when such representation is a systematic marketing approach to sell property.

(2) Representing to a person that they have been specially selected.

(3) Obtaining the execution of a contract or similar instrument by representing it is only a reservation, receipt, temporary membership certificate, or other non-binding agreement.

(4) Failing to clearly and conspicuously inform a purchaser that a contract, promissory note, evidence of indebtedness, or other similar instrument is assignable.

Subd. 8. Documents.

(1) It shall be presumed to be unfair for a person to use a contract, agreement, deed, option, or other evidence of disposition of lands under the act which contain provisions whereby a purchaser or prospective purchaser agrees, without his knowing, intelligent and voluntary consent thereto:

(a) To waive a right or privilege afforded by the act; the Interstate Land Sales Full Disclosure Act (82 Stat. 590;

15 USC 1701 et seq.); and the Consumer Credit Protection Act commonly known as the Federal Truth-in-Lending Act, and any rules or regulations promulgated thereunder, or any laws governing the transaction.

(b) To assume all risk of loss to the property without title passing to the purchaser or actual possession being in the purchaser.

(c) To a subsequent sale of the optioned or purchased property.

(d) To waive as against an assignee of the subdivider, a mortgagee, or subsequent holder, a claim or defense arising out of the transaction that the purchaser would have against the subdivider.

(e) To lose possession of the property without notice of and a prior hearing in a court of competent jurisdiction.

(f) To waive a right to redeem the property after default.

(g) That an assignee, mortgagee or subsequent holder of the subdivider is not obligated to convey title as to the purchaser.

(2) It is unfair for a subdivider, his agents, servants, employees, or others acting on his behalf:

(a) To offer to or induce a purchaser to execute a document, paper, or other instrument without all spaces filled in or inapplicable spaces clearly stricken.

(b) To alter or deface a document, paper, or other instrument without the consent of the parties thereto.

Subd. 9. General.

(1) It is unfair for a person to use a method of rebate of interest, or finance charge which requires or results in a purchaser paying a greater amount of interest or finance charge upon pre-payment than he would have paid if he had financed for that shorter period up to the time of pre-payment.

(2) It is unfair for a subdivider, his agents, servants, employees, or others acting on his behalf:

(a) To make a promise with no present intent to perform it.

(b) To fail to reveal to a purchaser or prospective purchaser all terms, conditions, notices, and amounts of any contract, agreement, option, deed, property report, evidence of indebtedness, or other similar instrument.

(c) To substitute another lot, unit, parcel, or interest in land for that purchased or optioned without the consent of the purchaser.

(3) It is unfair for a subdivider to fail to afford to a purchaser all rights, privileges, or advantages that are represented or implied as being available to a purchaser as the result of the purchase.

Subd. 10. Miscellaneous.

(1) Representing the necessity, desirability, or advantage to a prospective purchaser of dealing with a subdivider such as representing a subdivider's alleged advantages of size.

(2) Offering or representing to sell or lease lots, units, parcels, or interests in land which in truth the subdivider does not intend or desire to sell or lease.

(3) Engaging in activities commonly referred to as "bait and switch" activities.

(4) Failing to clearly and conspicuously disclose the use, if any, to which surrounding land has been put where the disclosure is material.

(5) The making of predictions of specific or immediate price or value increase of lots, parcels, units, or interests of subdivided land.

(6) The making of false, misleading or irrelevent comparisons of land values.

(7) Engaging in any other method, act or practice which has or may have the tendency to deceive.

SDiv. 83.30(1). An annual report shall be type written and submitted on 8 1/2" x 13" white bonded paper. Such report shall be prepared in the exact form as follows:

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE, SECURITIES DIVISION
5th Floor Metro Square Bldg.

ANNUAL REPORT - SUBDIVIDED LAND

THIS REPORT MUST BE FILED NOT LATER THAN 30 DAYS AFTER THE ANNIVERSARY DATE OF REGISTRATION.

1. Name of subdivider _____

2. Business Address _____

3. Name of Subdivision _____

4. Description of Units _____

5. Number of Units Registered _____

6. Date of Registration _____

7. Registration Number _____

8. Please check one of the following boxes:

   A. Continued registration is desired.
   B. Cancellation of registration is desired.

9. State the aggregate number of units sold pursuant to the above described registration or any amendment thereof to residents of the state of Minnesota. _____

10. State the aggregate number of units outstanding at the date of the last annual report filed with the Securities Division, Department of Commerce, State of Minnesota.

11. Specify by date of transaction, number of units, and aggregate dollar amount, all sales of any subdivided land by the subdivider or his agent to Minnesota residents since the date of the last annual report filed with the Securities Division, Department of Commerce, State of Minnesota.

12. Specify any exemption from registration claimed for any sale described in 11 above.

13. State the aggregate number of units outstanding at the date of this report.

14. Attach the following exhibits.

   A. (1) A list of the issuer's officers, directors, and direct or beneficial owners of 10% or more of any class of equity security or security convertible into equity securities.

   (2) A general description of the business of the issuer; a list of its wholly or majority owned subsidiaries, specifying their businesses; and a list of officers and directors of each subsidiary.

   (3) Financial statements consisting of balance sheet certified by an independent Certified Public Accountant for the subdivider's last fiscal year end and an income statement similarly certified for the 12 months next preceding the date of the balance sheet; and a balance sheet dated within 90 days of the date of filing this annual report together with an income statement for the period from the subdivider's fiscal year end to the date of said balance sheet.

Signed_____

By:_____

its_____

APPLICANT'S VERIFICATION

STATE OF_____)
) SS.
COUNTY OF_____)

On this_____day of_____, 19___, _____, _____, appeared before me, a Notary Public, and being first duly sworn, says that it is the applicant; that it has read the foregoing application and accompanying exhibits, and that the contents thereof are true of its own knowledge.

_____

(NOTARIAL SEAL)

Notary Public,_____County_____

My Commission Expires_____

INDIVIDUAL VERIFICATION

STATE OF_____)
) SS.
COUNTY OF_____)

On this_____day of_____, 19___. _____, _____, appeared before me, a Notary Public, and being first duly sworn, says that he is the _____ of_____and that he is duly authorized and empowered to execute this application on its behalf.

_____

(NOTARIAL SEAL)

Notary Public_____County_____

My Commission Expires_____

SDiv. 83.33(1). Blanket Encumbrances.

The subdivider shall not sell lots, units, parcels or interests within a subdivision subject to a blanket encumbrance unless one or more of the following conditions are met:

(1) All sums paid or advanced by purchasers are placed in an escrow or other depository acceptable to the Commissioner until: (a) the fee title contracted for is delivered to the purchaser by deed together with complete release from all financial encumbrances; or (b) the subdivider or the purchaser default and fail to perform under their contract of disposition and there is a final determination by a court of competent jurisdiction or the Commissioner as to the disbursal of such moneys; or (c) the funds are voluntarily returned to the contract purchaser.

(2) The fee title to the subdivision is placed in trust under an agreement or trust acceptable to the Commissioner until a proper release from each blanket encumbrance including all taxes is obtained and title contracted for is delivered to such purchaser.

(3) A bond, cash, certified check or irrevocable bank letter of credit issued by a bank authorized to do business in this state is furnished by the Commissioner in the name of the state for the benefit and protection of purchasers of the lots, units, parcels or interest, in such amount and subject to terms as approved by the Commissioner. The bond shall be executed by a surety company authorized to do business in this state and which has given consent to be sued in this state. The bond or agreement accompanying the cash, certified check or irrevocable bank letter of credit shall provide for the return of moneys paid or advanced by any purchaser, on account of purchase of any lot, unit, parcel or interest if the title contracted for is not delivered and a full release from each blanket encumbrance is not obtained. If it is determined that the purchaser by reason of default or otherwise, is not entitled to the return of the moneys, or any portion thereof, then the bond, cash, certified check or irrevocable bank letter of credit may be released by the Commissioner in the amount of moneys to which the purchase of a lot, unit, parcel or interest is not entitled.

(4) The blanket encumbrance shall contain a provision evidencing the subordination of the rights of the subdivider to the rights of those persons purchasing from the subdivider and further evidencing that the subdivider is able to secure releases from the blanket encumbrance with respect to the property.

SDiv. 83.38(1)-c. Operating Procedures.

Subd. 1. Soil Preparation. In a subdivision proposed to be sold with structural improvements where the soil condition is such as to require preparation in such manner that structural damage is not likely to result, the Commissioner will not approve an application until the subdivider has submitted a certification from a civil engineer that the soil has been properly prepared, unless one or more of the following plans have been met:

(1) furnish a bond or bonds in an amount and subject to such terms, conditions and coverage as the Commissioner may approve;

(2) impoundment of purchasers funds in an escrow acceptable to the Commissioner, until such time as written evidence of adequate soil preparation has been submitted to and approved by the Commissioner;

(3) deposit in an escrow acceptable to the Commissioner of a sum sufficient to adequately prepare the soil with underwritten agreements providing for progress payments as the work is completed;

(4) such other alternative as may be approved by the Commissioner.

Subd. 2. Owners Association. In subdivisions which involve a planned developement or similar arrangement, the covenants, conditions and restrictions, articles of incorporation, bylaws and other instruments for the management, regulation and control of these types of subdivisions shall ordinarily provide, but need not be limited to:

(1) creation of an association of lot, parcel, unit or undivided interest owners;

(2) a description of the areas or interests to be owned or controlled by owners in common;

(3) transfer of title and/or control of common areas, common facilities and/or mutual and reciprocal rights of use to the owners in common or to an association thereof;

(4) procedures for calculating and collecting regular assessments to defray expenses attributable to the ownership, use and operation of common areas and facilities with said assessments to be levied against each owner, including the subdivider, according to the ratio of the number of lots or units owned by each owner to the total of lots or units subject to the assessment, or on some other reasonable and equitable basis such as the selling price of the unit to the aggregate selling prices of all units subject to the assessment;

(5) procedures for establishing and collecting special assessments for capital improvements or other purposes on the same basis as for regular assessments with suitable monetary limitations on special assessments or expenditures without the prior approval of a majority of the owners affected;

(6) where appropriate, liens against privately owned subdivision properties and the foreclosure thereof on account of the nonpayment of assessments duly levied;

(7) where appropriate, annexation of additional land to the existing development with suitable substantive and procedural safeguards against increased per capital assessments on account of such annexation;

(8) monetary penalties and/or use privilege and voting suspensions of members for breaches of the restrictions, bylaws or other instruments for management and control of the subdivision with procedures for hearings for disciplined members;

(9) creation of a board of directors or other governing body for the owners' association with the members of said body to be elected by a vote of members of the association at an annual or special meeting to be held not later than six months after the sale of the first lot, unit or undivided interest of the subdivision;

(10) procedures for the election and removal of members of the governing body which shall include concurrent terms for members and cumulative voting features in the election and removal of such members;

(11) enumberation of the powers of the governing body which shall normally include at least the following:

(a) the enforcement of applicable provisions of the restrictions, bylaws, and the other instruments for the management and control of the subdivisson;

(b) payment of taxes and assessments which are or could become a lien on the common area or some portion thereof;

(c) delegation of its powers to committees, officers or employees;

(d) contracting for materials and/or services for the common area or the owners' association with the term of any service contract limited to a duration of one year, except with the approval of a majority of the members of the owners' association, except in those subdivisions where the terms of the management contract have been approved by the Federal Housing Administration or Veterans Administration;

(e) contracting for fire, casualty, liability and other insurance on behalf of the owners' association;

(f) entry upon any privately owned lot or unit where necessary in connection with construction, maintenance or repair for the benefit of the common area or the owners in common;

(12) allocation of voting rights to members of the owners' association on the basis of lot or unit ownership or on some other reasonable and equitable basis;

(13) preparation of an annual operating statement reflecting income and expenditures of the association for its fiscal year with provision for distribution of a copy of said report to each member within 90 days after the end of the fiscal year;

(14) annual and special meetings of members within the

subdivision or as close thereto as practicable;

(15) reasonable--and in no case less than 10 days--written notice to members of annual and special meetings specifying the place, day and hour, and in the case of special meetings, the nature of the business to be undertaken;

(16) quorum requirements for members' meetings ranging from 25% to 50% of the total membership depending upon the nature of the subdivision and other relevant factors;

(17) voting proxies for members' meetings;

(18) amendment of those provisions of the restrictions, bylaws or rules which relate to the management, operation and control of the owners' association and/or the common areas, common facilities or interests.

Depending upon the nature of the right or obligation to be affected by the amendment, the Commissioner will ordinarily consider as reasonable amendments enacted as follows:

(a) Restrictions--51% of all of the owners;

(b) Bylaws or Rules--51% of all of the owners;

(19) prohibition or restrictions upon the severability of commonly owned interests through partition or otherwise;

(20) action to be taken and procedures to be followed in the event of destruction or extensive damage to the common areas or facilities including provisions respecting the use and disposition of insurance proceeds payable to the association on account of such destruction or damage.

Subd. 3. General Policies.

Unless unusual and compelling considerations are presented, the Commissioner will ordinarily be guided by the following general policies, and will not consider as reasonable:

(1) provisions which deny, limit or abridge, directly or indirectly, the right of any owner to sell, lease or rent his unit in a condominium, community apartment project, planned development, or stock cooperative; except that a reasonable plan may be utilized which sets forth uniform and objective standards and qualifications for the,

sale or lease. Should the unit owner be unable to find a purchaser or lessee meeting such uniform and objective standards, he may be required to give the governing body an option to purchase or lease said unit before selling or leasing to a person who does not meet such standards provided, however, that any such provisions providing for a right to repurchase by the governing body must be exercised within 15 days of receipt of written notice from the unit owner to the subdivider, governing body or authorized representative thereof;

(2) provisions pursuant to which the failure by an owner to comply with any requirements, conditions or covenants contained in any declaration of restrictions, organizational rules or bylaws results in forfeiture, loss, limitation or abridgement of his rights in a condominium, community apartment project, planned development, or stock cooperative, or of his membership and participation in a management or owners organization. The foregoing does not preclude reasonable management rules authorizing discipline or temporary suspension of a member's rights, wherein appropriate procedures are afforded, including an opportunity to be heard; nor does it preclude foreclosure of an assessment lien;

(3) provisions authorizing annexation of other property to the subdivision, which may substantially increase assessments or substantially increase the burden upon community property and/or facilities, unless:

(a) the procedure for annexation is reasonable and is detailed in the original filing; or

(b) If the procedure for annexation is not detailed, provision is made for approval of the annexation by at least a majority of the voting power, excluding voting power of the subdivider;

(4) provisions authorizing lien assessments unless reasonable provision for transfer of control of the assessment power to unit owners or association of unit owners is also provided;

(5) provisions authorizing establishment of an architectural control committee or a similar entity, unless they provide that unit owners shall have the right to elect the committee membership when 90% or more of the units have been sold. The foregoing does not preclude reasonable arrangements approved by the Commissioner for retention of control over such committee by the subdivider, in event other increments are to be added or annexed to said subdivision;

(6) any other provisions which arbitrarily deny, limit or abridge the right of unit owners with respect to the management, maintenance, preservation, operation, or control of their interests.

Subd. 4. Conveyance of Property

In undivided interests subdivisions which do not involve a right of exclusive occupancy or use of a lot, parcel or unit, provision shall ordinarily be made in the public offering statement whereby owners and their successors in interest, absolutely waive the right to partition to real property in kind and waive the right to seek partition for the purpose of a sale of the real property, or any portion of it, unless the bringing of a suit for partition has been approved by the vote or written agreement of a majority of the ownership interests in the subdivision that are not owned or controlled by the subdivider.

SDiv. 83.38(1)-d Recordable instruments

An instrument evidencing sale or disposition of an interest in a subdivision shall be executed in a recordable form in accordance with the laws of the state where the land is located. The subdivider or applicant has the burden of showing compliance with this provision.

SDiv. 83.38(1)-e Apportionment of Taxes

Subd. 1. Subdivider's duties.

(1) In a transaction for the sale of land under the act in which taxes are to be paid by either party, a subdivider shall:

(a) Certify that there are no taxes, other than current taxes, owing on the property involved at the date of filing the statement of record, a consolidated statement of record, or

an amendment to either; and

(b) Provide a form of escrow satisfactory to the Commissioner in accord with paragraph (2) below if part of the purchasers' funds paid in or payable by the terms of the instrument disposing of the land is to be used for payment of taxes.

(2) In order that a purchaser will receive the interest in lands contracted for, a subdivider shall place in an escrow satisfactory to the Commissioner sufficient funds to pay reasonably anticipated tax bills on the property of a subdivision. If the subdivider apportions real property taxes and requires a purchaser to pay such taxes in a lump sum or on a periodic basis, the subdivider shall place in the escrow 100% of the sum due.

Subd. 2. Responsibilities not to be imposed on the purchaser.

(1) A purchaser is not responsible for payment of taxes or assessments levied before the effective date of his agreement with a subdivider or his agent, and the instruments evidencing the sale or disposition of an interest in a land shall so state.

(2) A purchaser shall not be assessed a service fee or be required to pay a consideration for the assessment or allocation of taxes on the land involved in the transaction.