



February 1, 2006

Dear Southern Lakes Homeowners:

The Board of Directors of Southern Lakes Homeowners Association, Inc. has determined it is in the best interest of the Association to prohibit use of portable fireplaces within the Conservation Easement created by Article VIII of the Declaration of Covenants, Conditions, Easements and Restrictions for Southern Lakes Homeowners Association, Inc. (the "Declaration"), based on the following:

1. The Declaration prohibits use of a portable fireplace within the conservation easement without express prior written approval from the Association. Section 8.2 of the Declaration states "*[t]he purpose of the Conservation Easement is to assure that the easement area shall at all times: remain in its present natural condition; constitute scenic surroundings; and constitute a suitable habitat for fish and/or wildlife.*" Section 8.3 states no material of any kind shall be placed in the conservation easement area without the express prior written approval of the Association. Section 8.7 prohibits activities detrimental to preservation of the conservation easement area as wildlife habitat or as a natural and scenic open or wooded space without the express prior written approval of the Association.

Use of portable fireplaces is inconsistent with each of the above-listed conservation easement restrictions and is, therefore, prohibited without the express prior written approval of the Association.

2. Only the Board of Directors has authority to grant a variance from the conservation easement restrictions. Article VIII of the Declaration provides that any variance from the conservation easement restrictions must be given by the express prior written approval of the Association. Section 4.5 of the Declaration states "*[t]he power and authority of the Association shall be vested in a Board of Directors elected by the Owners in accordance with the By-Laws of the Association. The Association shall act through the Board of Directors, unless specifically provided otherwise in the Governing Documents. All reference herein to the Association shall mean the Association acting through the Board of Directors.*"

3. The former ACC Standards regarding use of portable fireplaces in the conservation easement are hereby declared invalid by the Board.
4. The Maintenance Agreement with the City prohibits placement of portable fireplaces in the Common Area. Section 5.1(I) of the Amended and Restated Maintenance Agreement By and Between the City of Inver Grove Heights and Southern Lakes Homeowners Association, Inc., dated September 8, 1998, states “[w]ith the exception of ‘Entrance Monuments’ which may only be constructed by the DEVELOPER or the ASSOCIATION, the ASSOCIATION further warrants that, unless the written consent of the CITY is first obtained, the ASSOCIATION will forever restrict the...placement of... any manmade objects...within the COMMON AREA.” The Common Area is a 50-foot-wide strip of property lying adjacent to Cliff Road and legally described on Exhibit A to the Maintenance Agreement. Prohibiting use of portable fireplaces within the Conservation Easement will be consistent with the terms of the Maintenance Agreement.
5. Prohibiting use of portable fireplaces within the Conservation Easement will eliminate a fire hazard. The Conservation Easement contains natural grasses and other vegetation that is flammable and must be left in its natural condition. The Board has determined that it is in the best interest of the Association to reduce the risk of accidental fire by prohibiting the use of portable fireplaces within the Conservation Easement.
6. Prohibiting use of portable fireplaces within the Conservation Easement eliminates questions regarding the distinction between “use” and “storage” of portable fireplaces. The former ACC Standards regarding use of portable fireplaces in the Conservation Easement created substantial administrative difficulty because the distinction between “use” and “storage” of a portable fireplace was difficult to determine and certain homeowners aggressively pushed the limits of “use”. Prohibiting the use of portable fireplaces within the Conservation Easement will reduce legal and administrative expenses.

February 1, 2006

Page 3

NOTICE OF REVISED ACC STANDARDS

As noted above, the former ACC Standards are declared invalid by the Board. Please find enclosed the revised ACC Standards which do not contain provisions concerning the Conservation Easement.

NOTICE OF RULES REGARDING CONSERVATION EASEMENT

The Board recognizes that substantial time and effort were invested in drafting the Conservation Easement provisions of the former ACC Standards, and the Board desires to adopt those standards (except for the standard permitting use of portable fireplaces) as Rules pursuant to the Board's authority under Section 4.4 and Article VIII of the Declaration. Copies of the proposed Rules are enclosed.

Pursuant to Section 7.1(a) of the Bylaws of Southern Lakes Homeowners Association, Inc., the Rules shall be deemed adopted ninety (90) days after this notice unless the members, at a special meeting called for the purpose, vote to amend or repeal such proposed rules.

Very truly yours,

SOUTHERN LAKES HOMEOWNERS ASSOCIATION, INC.

Dennis Burke
President

Lisa Slinde
Vice President

Scott Sijan
Secretary