

**BYLAWS
OF
PINE SUMMIT SINGLE FAMILY HOMEOWNERS' ASSOCIATION, INC.**

**SECTION 1.
NAME AND LOCATION**

The name of the corporation is PINE SUMMIT SINGLE FAMILY HOMEOWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 8421 Wayzata Boulevard, Suite 300, Golden Valley, Minnesota 55426, but meetings of members and directors may be held at such places within the State of Minnesota as may be designated by the Board of Directors.

**SECTION 2.
DEFINITIONS**

2.1 **Declaration.** "Declaration" shall mean and refer to the Declaration applicable to the real property described in Exhibit A to the Articles of Incorporation of the Association, recorded in the office of the County Recorder, Washington County, Minnesota.

2.2 **Capitalized Terms.** Capitalized terms not otherwise defined herein shall have the meanings given to them in Section 1 of the Declaration.

**SECTION 3.
MEETING OF MEMBERS**

3.1 **Place.** All meetings of the Owners shall be held at the office of the Association or such other place in the State of Minnesota reasonably accessible to the Owners as may be designated by the Board of Directors in any notice of a meeting of the Owners.

3.2 **Annual Meetings.** An annual meeting of the Owners shall be held in each fiscal year on a date, and at a reasonable time and place, designated by the Board of Directors. At each annual meeting of the Owners, (i) the Persons who are to constitute the Board of Directors shall be elected pursuant to Section 6, (ii) a report shall be made to the Owners on the activities and financial condition of the Association, and (iii) any other matter which is included in the notice of the annual meeting, and is a proper subject for discussion or decision by the Owners, shall be considered and acted upon at the meeting.

3.3 **Special Meetings.** Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to cast at least 25% of all the votes in the Association.

3.4 **Notice of Meetings.** Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy

of such notice, postage prepaid, at least twenty-one (21) days, but no more than thirty (30) days, before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

3.5 **Quorum.** The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes in the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

3.6 **Proxies.** At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his/her Unit.

SECTION 4. ANNUAL REPORT

4.1 The Board of Directors shall prepare an annual report on behalf of the Association to be mailed or delivered to each Owner together with the notice of the annual meeting. The report shall contain at a minimum.

- (a) A statement of any capital expenditures in excess of two percent of the current budget or \$5,000, whichever is greater, approved by the Association for the current year or succeeding two fiscal years.
- (b) A statement of the balance in any reserve or replacement fund and any portion of the fund designated for any specified project by the Board of Directors.
- (c) A copy of the statement of revenues and expenses for the Association's last fiscal year, and a balance sheet as of the end of said fiscal year.
- (d) A statement of the status of any pending litigation or judgments to which the Association is a party.
- (e) A statement of the insurance coverage provided by the Association.
- (f) A statement of the total past due assessments on all Units; current as of not more than 60 days prior to the date of the meeting.

SECTION 5.
BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE, MEETING

5.1 **Number and Qualification.** The affairs of the Association shall be governed by a Board of Directors. The first Board of Directors shall consist of the persons designated as directors in the Articles of Incorporation of the Association or appointed to replace them by the Declarant, subject to the rights of Owners to elect directors as set forth in Section 5.2. Upon the expiration of terms of the Members of the first Board of Directors, the Board of Directors shall be composed of five (5) directors, a majority of whom shall be Owners, or a duly authorized representative of the Owner if the Owner is a corporation, partnership, limited liability company, trust or other entity which has the capacity to hold title to real estate.

5.2 **Term of Office.** The terms of office of the Members of the Board of Directors shall be as follows:

- (a) Subject to Subsection (b), the terms of all directors appointed by Declarant as authorized by the Declaration shall terminate upon the earliest of (i) voluntary surrender of control by Declarant, (ii) an Association meeting which shall be held within 60 days after conveyance to Owners other than Declarant of 75% of the total number of Units authorized to be included in the common interest community or (iii) the date five (5) years following the date of the first conveyance of a Unit to an Owner other than a Declarant. The term of office of any director elected to the first Board of Directors by Owners other than the Declarant shall terminate at the same time as those appointed by Declarant.
- (b) Notwithstanding the provisions of Subsection (a), the Owners other than Declarant shall have the right to nominate and elect not less than $33\frac{1}{3}\%$ of the directors at a meeting of the Owners held within 60 days following the conveyance by Declarant of 50% of the total number of Units authorized to be included in the common interest community.
- (c) The first terms of office of the directors elected by the Owners immediately following the termination of the terms provided for in Subsection (a) shall be two years for three of the directors and three years for two of the directors. The nominee or nominees receiving the greatest numbers of votes shall fill the longer terms. Each term of office thereafter shall be two years and shall expire upon the election of a successor at a subsequent annual meeting of the Owners; provided, that a director shall continue in office until a successor is elected. A number of nominees equal to the number of vacancies, and receiving the greatest numbers of votes, shall be elected, notwithstanding that one or more of them does not receive a majority of the votes cast. A director appointed or elected to fill an uncompleted term shall serve until the natural termination of that term, unless removed in accordance with these Bylaws. There shall be no cumulative voting for directors.

5.3 **Meetings and Notices.** An annual meeting of the Board of Directors shall be held promptly following each annual meeting of the Owners. At each annual meeting the officers of the Association shall be elected.

- (a) Regular meetings of the Board of Directors shall be held at least on a quarterly basis, at such times as may be fixed from time to time by a majority of the members of the Board of Directors. A schedule, or any amended schedule, of the regular meetings shall be provided to the directors.
- (b) Special meetings of the Board of Directors shall be held when called (i) by the President of the Association, or (ii) by the Secretary within ten (10) days following the written request of any two (2) directors. Notice of any special meeting shall be given to each director not less than three (3) days in advance thereof. Notice to a director shall be deemed to be given when deposited in the United States mail postage prepaid to the Unit address of such director, or when personally delivered, orally or in writing, by a representative of the Board of Directors.
- (c) Any director may at any time waive notice of any meeting of the Board of Directors orally, in writing, or by attendance at the meeting. If all the directors are present at a meeting of the Board of Directors, no notice shall be required, and any business may be transacted at such meeting.

5.4 **Quorum and Voting.** A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting thereof. A quorum, once established, shall continue to exist, regardless of the subsequent departure of any directors. Each director shall have one vote. The vote of a majority of the directors present at any meeting at which a quorum is present shall be sufficient to adopt any action. Proxies shall not be permitted.

5.5 **Removal.** Any director may be removed from the Board of Directors, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation, or removal of a director, his/her successor shall be selected by a majority of the remaining Members of the Board of Directors and shall serve for the unexpired term of his/her predecessor. Newly created directorships resulting from an increase in the authorized number of director by amendment to these Bylaws may be filled by a two-thirds ($\frac{2}{3}$) vote of the directors serving at the time of such increase; and each person so elected shall be a director until his/her successor is elected by the Members of the Association, who may make such election at their next annual meeting or at any meeting duly called for that purpose.

5.6 **Compensation.** No director shall receive compensation for any service he/she may render to the Association. However, any director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

5.7 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

SECTION 6. NOMINATION AND ELECTION OF DIRECTORS

6.1 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members or non-Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

6.2 Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

SECTION 7. POWER AND DUTIES OF THE BOARD OF DIRECTORS

- 7.1 Powers. The Board of Directors shall have power to:
- (a) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;
 - (b) suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
 - (c) declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
 - (d) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

- (e) adopt and publish rules and regulations governing the use of the Common Elements and recreational facilities thereon and the personal conduct of the Members and their guest thereon, and to establish penalties for the infraction thereof.

7.2 Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is required in writing by one-fourth (1/4) of the Members who are entitled to vote;
- (b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (i) fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period;
 - (ii) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (iii) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same.
- (d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association as required by the Act, the Declaration or as otherwise deemed necessary and/or prudent;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- (g) perform maintenance as more fully set forth in the Declaration.

SECTION 8.
OFFICERS AND THEIR DUTIES

8.1 **Enumeration of Offices.** The officers of this Association shall be a President and Vice President, who shall at all times be Members of the Board of Directors, a Secretary and Treasurer, and such other officers as the Board of Directors may from time to time by resolution create.

8.2 **Election of Officers.** The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

8.3 **Term.** The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

8.4 **Special Appointments.** The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors, from time to time, may determine.

8.5 **Resignation and Removal.** Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.6 **Vacancies.** A vacancy in any office may be filled by appointment by the Board of Directors. The officers appointed to such vacancy shall serve for the remainder of the term of the officer he/she replaces.

8.7 **Multiple Offices.** The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.4.

8.8 **Duties.**

- (a) **President:** The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, promissory notes, deeds and other written instruments.
- (b) **Vice President:** The vice president shall act in the place and stead of the president in the event of his/her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him/her by the Board of Directors.

- (c) **Secretary:** The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board of Directors.
- (d) **Treasurer:** The treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting; and deliver a copy to each of the Members.

SECTION 9. COMMITTEES

9.1 **Appointment of Committees.** The Board of Directors of the Association shall appoint an Architectural Control Committee, a Nominating Committee, and a Maintenance Committee. In addition, the Board of Directors shall appoint other committees as it deems appropriate in carrying out its purposes. Unless otherwise provided herein, each committee shall consist of a Chairman and two or more Members and shall include a member of the Board of Directors. The Committee shall be appointed by the Board of Directors prior to each annual meeting to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting.

9.2 **Nominating Committee.** The Nominating Committee shall have the duties and functions described in Section 6.

9.3 **Maintenance Committee.** The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvements to be maintained by the Association, and shall periodically review the adequacy of the insurance coverage afforded the Association and advise the Board of Directors; and shall perform such other functions as the Board of Directors, in its discretion, determines.

9.4 **Architectural Control Committee.** The Architectural Control Committee shall have the duties and functions described in the Declaration.

9.5 **Subcommittee.** Each committee shall have the power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties and functions.

**SECTION 10.
BOOKS AND RECORDS**

The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at principal office of the Association, where copies may be purchased at reasonable costs.

**SECTION 11.
BUDGET AND ASSESSMENTS**

11.1 **Budget Preparation.** Before Declarant conveys the first Unit to a Purchaser and on and before December 1 of each year, the Board shall prepare a proposed budget for the Association. The first proposed budget shall be for the period commencing on the first day of the month in which the Board anticipates that the Declarant will close on the sale of the first Unit to a Purchaser and ending on December 31 of that year. Subsequent budgets shall be for the upcoming calendar year. Proposed budgets shall set forth the Board's estimate of the Common Expenses for the budget period.

11.2 **Assessment Role Preparation.** Contemporaneously with the preparation of each budget, the Board shall prepare an assessment role. The assessment role shall allocate to each Unit, as its annual assessment for the upcoming year, an amount determined by multiplying the Association's estimated income requirements for the upcoming year, based on the proposed budget, by that Unit's Fractional Allocation, as defined in the Declaration; provided, however, the Board:

- (a) Shall assess any Common Expense associated with the maintenance, repair or replacement of a Limited Element equally against the Units to which the Limited Element is assigned;
- (b) May assess any Common Expense or portion thereof that benefits fewer than all of the Units exclusively against and equally among the benefited Units;
- (c) May assess the cost of insurance against Units in proportion to the type or amount of coverage provided to that Unit or the type of risk insured;
- (d) May assess Common Expenses for utilities against Units in proportion to usage;
- (e) May assess against a Unit any Common Expenses, including attorney's fees and court costs, incurred in connection with the collection of assessment due and payable with the collection of assessments due and payable with respect to that Unit or in connection with the enforcement of the provisions of the Declaration, Bylaws or rules or regulations against an Owner or occupant of the Unit;

- (f) May assess fees, charges, late charges, fines and interest as provided in Minnesota Statutes 515B.3-116(a);
- (g) Shall assess Common Expenses to pay a judgment against the Association only against and equally among the Units that were a part of the Common Interest Community at the time the judgment was entered;
- (h) May assess Common Expenses incurred to repair damage to the Common Elements or another Unit which is caused by the act or omission of any Owner, Unit occupancy or their invitees, and which is not covered by the Association's insurance against the Owner's or occupant's Unit.

The assessment role shall also calculate the amount of the monthly installment of the annual assessment for each Unit.

11.3 **Budget Adoption and Assessment Levy.** The Board shall provide each Owner with a copy of the proposed budget and assessment role on or before December 1 of each year. Before the Declarant conveys the first Unit to a Purchaser and between January 1 and January 31 of each year thereafter, the Board shall, by resolution, adopt an annual budget and levy annual assessments. The Board shall base the annual budget and the annual assessments on the proposed budget and the assessment role, subject to any modifications specifically set forth in the resolution adopting the annual budget and levying the annual assessments.

11.4 **Budget and Assessment Modifications.** If at any time the Board determines that the assessments levied against the Units are inadequate to pay the actual Common Expenses of the Association, the Board may, by resolution, amend the annual budget and assess any increased amounts provided for in the amended annual budget against the Units.

11.5 **Special Assessments.** In addition to the annual assessments levied on or before January 31 of each year and amendments to the annual assessments, the Board may levy special assessments at such other and additional times as the Board, in its sole judgment, determines are appropriate to meet the financial needs of the Association and for the purposes set forth in Section 11.2(a) through (h). Such special assessments shall be levied in the same manner as annual assessments and shall be due and payable as the Board determines.

11.6 **Failure to Prepare Budget.** The failure of the Board to prepare a proposed budget or to adopt an annual budget or levy annual assessments as provided herein shall not constitute a waiver or release in any manner of an Owner's obligation to pay the amounts assessed against the Owner's Unit and in the absence of any proposed or annual budget, the Owners shall continue to pay the monthly assessment established for the previous period until a new annual budget is mailed or delivered to the Owner and a new assessment is levied.

11.7 **Payment of Assessments.** Unless otherwise provided in the Board's resolution levying the assessment, annual assessments shall be payable to the Board or as the Board directs in equal monthly installments on the first day of each month of each year. Each Owner is personally liable for the annual and special assessments levied against Owner's Unit. If more than one Person

owns a Unit, all Owners of the Unit shall be jointly and severally liable for all assessments. If an Owner fails to pay any installment of any assessment, in full, within 10 days of the date due, the payment shall immediately become delinquent and shall begin to accrue interest. Interest shall accrue as of the date of such delinquency at the judgment rate of interest as determined by Minnesota Statutes 549.09. In addition, the Board may adopt a resolution establishing a late fee to be assessed against a Unit if assessment payments are not made when due. If the Owner is more than 60 days delinquent in the payment of any monthly installment of an annual assessment or any installment of a special assessment, the Board may, upon 10 days written notice to the Owner, declare the entire amount of the assessment immediately due and payable in full. The Association shall have a lien against the Unit for the amount of any unpaid assessments, fines, late fees, or interest and may foreclose the lien to the extent set forth in the Declaration and the Act. In any foreclosure of a lien or a suit to recover a money judgment for unpaid assessments, the amount due and owing shall include the amount of all unpaid regular or special assessments, interest and any late charges as described above, and all costs of collection, including actual attorneys fees.

SECTION 12. INDEMNIFICATION

The Association shall, to the extent the alleged liability is not covered by insurance, indemnify every individual acting in any official capacity on behalf of the Association, pursuant to the provisions of Minnesota Statutes 317A.521.

SECTION 13. AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

SECTION 14. MISCELLANEOUS

14.1 **Conflicts in Documents.** In the event of any conflict among the provisions of the Act, the Declaration, the Bylaws or the Rules and Regulations, the Act shall control unless it permits the documents to control. As among the Declaration, Bylaws and Rules and Regulations, the Declaration shall control, and as between the Bylaws and the Rules and Regulations, the Bylaws shall control.

14.2 **Severability.** The invalidity or unenforceability of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

14.3 **Captions.** The captions herein are inserted only as a matter of convenience and for reference and in no way limit or proscribe the scope of these Bylaws or the intent of any provision hereof.

**ORGANIZATIONAL RESOLUTION
OF INCORPORATOR
PINE SUMMIT SINGLE FAMILY HOMEOWNERS' ASSOCIATION, INC.**

THE UNDERSIGNED, being the Incorporator of PINE SUMMIT SINGLE FAMILY HOMEOWNERS' ASSOCIATION, INC., a Minnesota nonprofit corporation ("Corporation"), acting pursuant to Minnesota Statutes, Section 317A, hereby adopts effective as of the 28th day of September, 2000, the preambles and resolutions hereinafter set forth with the same force and effect as if said preambles and resolutions were adopted at a meeting of the Incorporator duly called and held for that purpose.

WHEREAS, the Articles of Incorporation were filed in the office of the Secretary of State of Minnesota on September 28, 2000, and a Certificate of Incorporation, dated September 28, 2000, was issued by the Secretary of State of Minnesota; and

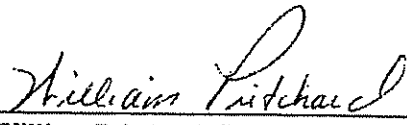
WHEREAS, in order to proceed with the formal organization of the Corporation, it is desirable to elect the first Board of Directors.

NOW, THEREFORE, BE IT


RESOLVED, that, effective with the signing of this resolution, the following persons be and they hereby are, elected directors of the Corporation to serve on the first Board of Directors until their successors shall be elected and qualify:

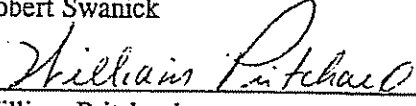
Robert Swanick
William Pritchard
Ray Baird

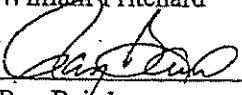
Lee Johnson
Vincent Burger



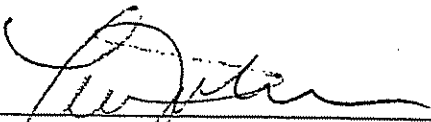
William Pritchard, Incorporator


DIRECTORS:


Robert Swanick


William Pritchard


Ray Baird



Lee Johnson


Vincent Burger

(Constituting all of the Directors of Pine Summit Single Family Homeowners' Association, Inc.)