

BYLAWS
OF
FAIRMONT SHOP CONDOMINIUMS OWNERS' ASSOCIATION

SECTION 1.

The following are the Bylaws of Fairmont Shop Condominiums Owners' Association, a Minnesota nonprofit corporation (the "Association"). The Association is organized under Minnesota Statutes, Chapter 317A, the Minnesota Nonprofit Corporation Act, pursuant to Section 515B.3-101 of the Minnesota Common Interest Ownership Act (the "Act") for the purposes of serving as the association of Unit Owners called for under the Act, and operating and managing Fairmont Shop Condominiums, a condominium (the "Condominium") created pursuant to the Act. The terms used in these Bylaws shall have the same meaning as they have in the Declaration for Fairmont Shop Condominiums Owners' Association (the "Declaration") and the Act.

SECTION 2.
DEFINITIONS

2.1 Definitions. Any words or terms used in these Bylaws that are defined in the Act shall have the meaning there ascribed to them. Any words or terms used in these Bylaws that are defined in the Declaration creating the Condominium, filed for record in the Office of the County Recorder, Martin County, Minnesota, as Document No. 2024R-463013 shall have the meaning there ascribed to them.

SECTION 3.
MEMBERS AND VOTING

3.1 Membership. Each Owner of a Unit in the Condominium shall be a member of the Association, and no other person or entity shall be entitled to membership. The Declarant, or its successors in interest or assigns, shall be entitled to membership in the Association only so long as the same is the Owner of one or more Units in the Condominium.

3.2 Transfer of Membership. Each membership is appurtenant to the Unit on which it is based and shall transfer automatically by voluntary or involuntary conveyance of the Unit.

3.3 Registration. It shall be the duty of each Unit Owner to register with the Secretary of the Association in writing (i) the name and address of such Unit Owner; (ii) the nature and satisfactory evidence of such Unit owner's interest or estate in a Unit; and (iii) the address at which such Unit Owner desires to receive notice of any duly called meeting of the Members. If a Unit Owner does not register as provided in this paragraph, the Association shall be under no duty to recognize the rights of such person hereunder, and shall not recognize such person's right to vote as provided herein, but such failure to register shall not relieve a Unit Owner of any obligation, covenant or restriction under the Declaration or these Bylaws.

3.4 Multiple Owners. When more than one person holds an ownership interest in a Unit, the vote for such Unit shall be exercised as they between or among themselves determine and jointly signify in writing to the Secretary of the Association, but in no event shall more than the assigned voting power be cast with respect to any Unit, nor shall the voting power allocated to a Unit be split or otherwise cast separately by the several Unit Owners. In the event multiple Owners of a Unit cannot agree on the exerciser of voting power for such Unit, any one of the Owners may apply to the Board of Directors of the Association, which, after hearing all parties at a special meeting, shall determine the manner of exercise of the voting power for said Unit by a majority vote of the Directors voting at the special meeting. A director shall not vote upon such determination with respect to a Unit of which said director is one of the multiple Owners.

3.5 Voting. Each Unit shall be entitled the voting power set forth in the Declaration. A majority of those voting shall govern all determinations of the Unit Owners, except where a greater vote is required by the Act, the Declaration, or these Bylaws. No vote shall be cast with respect to any Unit while it is owned by the Association. During any period when the assessments against a Unit are unpaid for more than sixty (60) days after due and payable, the Unit's voting rights may be suspended by the Board of Directors.

3.6 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners representing ten percent (10%) of the voting power of the Association shall constitute a quorum. If the voting power of a Unit is suspended by reason of delinquency in payment of assessments, such voting power shall be deducted from the quorum requirement.

3.7 Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting. A person designated by a proxy to act for a member need not be a member. Every proxy shall be revocable and shall automatically cease upon the expiration of eleven (11) months from the date of its execution, the conveyance by the member of his/her Unit or by the member's personal attendance at the meeting.

SECTION 4. MEETINGS

4.1 Place of Meetings. Meetings of members and directors of the Association may be held at such places within the State of Minnesota, County of Martin, as may be designated by the Board of Directors.

4.2 Annual Meetings. The first meeting of the members following the termination of the "Period of Declarant Control" (as described in the Declaration under the authority of Section 515B.3-103 of the Act shall be deemed to be the "First Annual Meeting" of the Association. The exact date of the First Annual Meeting shall be set by the Board of Directors, but such date shall conform to the requirements of Section 515B.3-103 of the Act. At the First Annual Meeting of the members, the members may designate a regular date for successive annual meetings. If the members fail to designate such a regular date, the Board of Directors may continue to designate the date of the next annual meeting until such a designation is made by the members. If any designated date falls upon a legal holiday, it shall be understood that the actual date of the meeting shall be the next business day succeeding such designated date. At such meetings, Directors shall

be elected by ballot of the Unit Owners. The Unit Owners also may transact such other business of the Association as properly may come before them. In all events, a meeting of the members shall be held at least once each year. If a regular meeting of the members has not been held during the preceding fifteen (15) months, ten percent (10%) or more of the members with voting rights may demand a meeting in accordance with Minnesota Statutes, Section 317A.431, subdivision 2.

4.3 Special Meetings. Special meetings of the members may be called for any purpose at any time by the President or by the Board of Directors, on their own initiative or upon the delivery of a written request signed by Unit Owners of Units to which is assigned twenty percent (20%) or more of the votes in the Association to either the President or the Secretary, stating the purpose or purposes of the special meeting. No business shall be transacted in a special meeting of the members except as stated in the notice of the meeting, as hereinafter provided unless all members with voting rights have waived notice of the meeting under Minnesota Statutes, Section 317A.435. One (1) or more special meetings may be held before there has been a “First Annual Meeting.”

4.4 Notice of Meetings. At least 21 days in advance of any annual or regularly scheduled meeting, and at least 7 days in advance of any other meeting, the Secretary of the Association shall send to each Unit Owner a written notice of the time, place and complete agenda of the meeting which is the subject of such notice. Such notice shall be hand delivered or sent by United States mail to all Unit Owners of record at the address of their respective Units and to such other addresses as any Unit Owner may have designated in writing to the Secretary. Unit Owners of record shall be those Unit Owners who are registered with the Secretary as provided in Bylaw 3.3 on a date specified by the Board of Directors (the “Record Date”). Such Unit Owners of record shall be entitled to notice of any duly called meeting of the members; provided that the Board of Directors may not specify a Record Date which is more than 30 days prior to the date of a special meeting. A Unit Owner may at any time waive notice of any meeting by a signed writing or by attendance at the meeting.

4.5 Adjourned Meetings. If any meeting of Unit Owners cannot be organized because a quorum is not present, the Unit Owners who are not present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than sixty (60) days from the time the original meeting was called, with no further notice than that given at such adjourned meeting, and the quorum at such adjourned meeting shall be one-half of the ordinary quorum.

4.6 Voting Register. At the beginning of each meeting of the members, the Secretary shall deliver to the President a written list of the Unit numbers, the respective name or names of the Unit Owners entitled to notice of such meeting, and the respective name of the person (in the case of Units owned by multiple Owners) authorized to cast the votes allocated to that Unit.

4.7 Order of Business. The order of business at annual meetings of the members, and at such other membership meetings of the members as may be practical, shall be as follows:

- a. Presenting of Voting Register, proof of notice, proxy certification and establishment of a quorum.

- b. Reading or distribution of minutes of the preceding meeting of the Members.
- c. Reports of officers.
- d. Reports of committees.
- e. Appointment by the president of inspectors of election as determined by the president or when requested by a member of the Board of Directors.
- f. Election of members of the Board of Directors.
- g. Unfinished business.
- h. New business.
- i. Open forum.
- j. Announcement of date, time and place of organization meeting of new Board of Directors.
- k. Adjournment.

4.8 Fair Voting Procedures. The following shall be considered minimum standards to assure fair voting procedures:

- a. All proxies should be available for inspection prior to and during a member meeting, so that reasonable opportunity is afforded to challenge and count proxies.
- b. All mail ballots and all proxies cast at a meeting should be first opened at the time the votes on an election or issue are counted and tallied.
- c. In the case of an election of a director, every candidate or designee of a candidate may observe the counting and tallying of votes; and on any other issue, a reasonable number of observers from both sides of each issue shall observe the counting and tallying of votes.
- d. The vote count on each election and issue shall be announced before adjournment of the meeting, and shall be available to all members in written form, signed by the secretary of the Association, within thirty (30) days of the meeting.
- e. A member who is delinquent in the payment of assessments may reinstate voting rights for a meeting by payment of the delinquency by delivering a check to the secretary, treasurer or president of the Association before the meeting is called to order, unless a different requirement is adopted by the Board and the delinquent member is given written notice thereof at least fifteen (15) days before the meeting.

SECTION 5. BOARD OF DIRECTORS

5.1 First Board of Directors. The first Board of Directors shall consist of the persons designated as directors in the Articles of Incorporation of the Association, who need not be Unit Owners and who shall serve until termination of the Period of Declarant Control as provided in the Declaration, the First Annual Meeting of the members, or until their successors are elected and qualified. Should any vacancy occur in the first Board of Directors it shall be filled by Declarant. The first Board of Directors shall have the power to adopt the Bylaws of the Association, to elect officers, to establish a schedule of assessments which shall be effective until December 31st of the year in which occurs the First Annual Meeting of the Association, and shall have generally the powers and duties as set forth in Section 5.5.

5.2 Number and Qualification. The number of Directors constituting the Board of Directors after the first Board of Directors shall be as determined by the Members; provided, however that the Board shall consist of at least three (3) Directors and the number of Directors shall be uneven. All Directors shall be Members or, in the case of ownership of a Unit by a corporation or other entity, shall be officers or employees of such entity; or, in the case of ownership of a Unit by fiduciary, shall be officers or employees of such fiduciary.

5.3 Nomination. Nomination for election to the Board of Directors may be made by a nominating committee appointed by the Board. Nominations also may be made by any two (2) members in a written nomination to the Secretary or by motion and second from the floor at the annual meeting.

5.4 Term and Election. The term of office of each director elected after the expiration of the Period of Declarant Control shall be fixed at three (3) years; provided, however, that in order to have staggered terms, at the first Annual Meeting following the expiration of Declarant Control, in addition to the Members determining the total number of Directors, the Members shall also determine a percentage of Directors who shall serve for a one (1) year term and a two (2) year term, respectively. Directors shall be elected by plurality, subject however to Declarant's rights during the "Period of Declarant Control" as specified in the Declaration. Each Director shall hold office until his or her respective successor has been elected.

5.5 Powers. The Board of Directors shall have the powers necessary for administration of the affairs of the Condominium and may act on behalf of the Association and do all such acts and things except as by the Act or by the Declaration, or by these Bylaws may not be delegated to the Board of Directors by the Unit Owners. The Association shall have such powers and authority as set forth in the Condominium's Governing Documents, as are herein granted to the Association.

5.6 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place within the State of Minnesota, as shall be determined, from time to time, by a majority of the Directors, but at least one (1) such meeting shall be held during each calendar year.

5.7 Special Meetings. Special meetings of the Board of Directors may be called by the President on not less than three (3) days' notice to each Director, which notice shall state the time, place within the State of Minnesota, and purpose of the meeting. Special meetings of the Board of

Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

5.8 Open Meetings. Except as otherwise provided in the Act, meetings of the Board of Directors must be open to the Unit Owners. To the extent practicable, the Board shall give reasonable notice to the Unit Owners of the date, time, and place of a board meeting. If the date, time and place of meetings are announced at a previous meeting of the Board, posted in a location accessible to the Unit Owners and designated by the Board from time to time, or if an emergency requires immediate consideration of a matter by the Board, notice is not required.

5.9 Telephone Conference. A meeting of the Directors or any committee of the Board may be conducted by a telephone conference or any means of communication through which participants may simultaneously hear each other during the meeting, if notice of the meeting has been given as would be required for a meeting and if the number of persons participating in the conference is sufficient to constitute a quorum. Participating in a conference constitutes personal presence at the meeting. A Director may participate in a Board meeting by means of communication through which the Director, other Directors participating and all other Directors physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by this means constitutes personal presence at the meeting.

5.10 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving and receipt of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by such Director of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

5.11 Board of Directors' Quorum and Voting. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the Board of Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the meeting may be adjourned from time to time until a quorum is present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.12 No Proxies. Directors shall not vote by proxy.

5.13 Action Without a Meeting. Any action that could be taken at a meeting of the Board of Directors may be taken without a meeting when authorized in a writing signed by all of the Directors.

5.14 Compensation. The Directors will receive no compensation for their services as Directors. However, when authorized by the Board, Directors and officers may be reimbursed actual expenses incurred in connection with business of the Association.

SECTION 6. OFFICERS

6.1 Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer. All principal officers shall be elected by and from the Board of Directors. The offices of Treasurer and Secretary may be filled by the same person. The Board may from time to time appoint an assistant secretary and such other officers, with such duties, as in their judgment may be desirable, and such officers need not be Directors.

6.2 Election of Officers. The principal officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board. All officers shall hold office at the pleasure of the Board.

6.3 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall see that all orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments (except to the extent that the Board of Directors authorizes or mandates the delegation of such authority).

6.4 Vice-President. The Vice-President shall act in the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other Director to act on an interim basis. The Vice-President also shall perform such other duties as shall from time to time be required by the Board of Directors.

6.5 Secretary. The Secretary shall keep minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. If the Association adopts a seal, the Secretary shall keep the corporate seal of the Association and affix it on all papers requiring said seal. The Secretary shall give notice of all meetings of the Board and of the members, shall keep appropriate current records showing the members of the Association, together with their addresses, and shall perform such other duties as may be required by the Board.

6.6 Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall sign all checks and shall be responsible for the deposit of all moneys and valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors, except to the extent that the Board of Directors authorizes or mandates the delegation of such authority to a manager or agent.

6.7 Committees. The Board may establish such committees and appoint their members as deemed appropriate in carrying out its purposes.

SECTION 7. OPERATION OF THE PROPERTY

7.1 Budget; Levy. The Board of Directors shall from time to time, and at least annually

in advance of the beginning of the Association's fiscal year, prepare a Budget of Common Expenses for the Association and shall levy an assessment allocating such Common Expenses among the Unit Owners in accordance with the Declaration. Upon the vote of the Board of Directors adopting a resolution which sets forth the Budget of Common Expenses and allocation, the amount so allocated to the Unit Owners of each Unit shall, without further resolution by the Board of Directors, be levied as an assessment against such Unit, payable in monthly, quarterly, or annual installments, as established by the Board of Directors, in advance on the first day of each month, quarter, or year, as applicable. In addition to any Common Expenses of the Association set forth in the Budget of Common Expenses, the Board of Directors may from time to time also levy Special Assessments or Limited Assessments to be allocated among the Unit Owners in accordance with the Declaration, with any such levy deemed to occur upon the date specified in the resolution which fixes such assessment.

7.2 Assessment Roll. The assessments against all Owners shall be set forth upon a roll of the Units which shall be available in the office of the Association or of any managing agent retained by the Association for inspection at all reasonable times by Owners or their duly authorized representatives. Such roll shall indicate for each Unit the name and address of the Owner or Owners, the assessments for all purposes, and the amounts of all assessments paid and unpaid.

7.3 Records. The Board of Directors shall cause to be kept at the registered office of the Association or at such other place as the Board of Directors may determine, records of the actions of the Board of Directors, minutes of the meetings of the Board of Directors, minutes of the meetings of the Members of the Association, names of the Unit Owners and names of any Eligible Mortgagees under the Declaration who have requested the notice of default described in the Declaration and the Unit on which such Eligible Mortgagee holds a mortgage, and detailed and accurate records, in chronological order, of the receipts and expenditures affecting the Common Elements. Such records shall be available for examination by the Owners or mortgagees at convenient hours of weekdays. Separate accounts shall be maintained for each Unit setting forth the amount of the assessments against the Unit, the date when due, the amount paid thereon and the balance remaining unpaid.

7.4 Annual Report. The association shall prepare and provide to each Unit Owner at or prior to each annual meeting a report of the affairs of the Association including at least the following information:

- a. A statement of any capital expenditures in excess of two percent (2%) of the current Budget or \$5,000.00 (whichever is greater) approved by the Association for the current year or succeeding two fiscal years;
- b. A statement of the balance of 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 specifying which items referred to in Section 515B.3-113 subdivision (b) of the Act are insured by the Association; and
- f. A statement of the total past due assessments on all Units, current as of not more than sixty (60) days prior to the date of the meeting.

SECTION 8. MISCELLANEOUS

8.1 Right of Corporate or Partnership Unit Owner to Substitute. Whenever a director or officer of the Association is an officer or employee of a corporate Unit Owner, a member of a limited liability company Unit Owner, or a partner or employee of a partnership or limited liability partnership Unit Owner, the respective corporation or partnership may by written notice to the Association remove such director or officer of the association and designate another such person to serve the unexpired balance of the term.

8.2 Indemnification of Officers and Directors. To the full extent permitted by Minnesota Statutes, Section 317A.521 as amended from time to time, or by other provisions of law, the Association shall indemnify and hold harmless every Director and Officer, his/her heirs, executors and administrators, against all loss, cost, judgment and expense, including attorney's fees, which may be imposed upon or reasonably incurred by him/her in connection with or arising out of the defense or settlement of any claim, action, suit or proceeding to which he/she may be made a party by reason of his/her being or having been a director or officer of the Association whether or not he/she is an officer or director at the time of incurring such loss, cost, judgment or expense, except as to matters as to which he/she shall be finally adjudged in such action, suit or proceeding to have been guilty of willful or fraudulent conduct detrimental to the best interests of the Association. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Board of Directors has agreed on behalf of the Association that the person to be indemnified has not been guilty of willful or fraudulent conduct detrimental to the best interests of the Association in the performance of his/her duty as such director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, costs and expenses incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as a Common Expense. Nothing in this Section shall be deemed to obligate the Association to indemnify any Owner who is or has been a director or officer of the Association, with respect to any duties or obligations assumed or damage or liabilities incurred by him/her solely in his/her capacity as an Owner.

8.3 Termination of Contracts. If entered into prior to expiration of the period of Declarant control, (i) any management contract, employment contract, or lease of recreational facilities, Units, garages or other parking facilities, (ii) any contract, lease or license binding the

Association to which a Declarant or an affiliate of a Declarant is a party, or (iii) any contract, lease or license binding the Association or any Unit Owner other than the Declarant or an affiliate of the Declarant which is not bona fide or which was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Association at any time after expiration of Declarant Control upon not less than ninety (90) days' notice to the other party.

8.4 Notice. "Notice" has the meaning given in Section 317A.011, subdivision 14 of the Minnesota Non-profit Corporation Act.

8.5 Amendments to Bylaws. These Bylaws may only be amended in a manner authorized by Minnesota Statutes, Section 317A181.

8.6 Conflicts. In case any of these Bylaws conflicts with the provisions of the Act, the provisions of the Act will apply. In case any of these Bylaws conflicts with provisions of the Declaration or Articles of Incorporation, the provisions of the Declaration or Articles will apply.

8.7 Inspection of Books and Records. Current copies of the Declaration, Bylaws, other rules concerning the Condominium, and the books, records, and financial statements of the Association shall at all times, during reasonable and normal business hours, be available for inspection by any Unit Owner, prospective purchaser, Unit lender or the holder, insurer and guarantor of a mortgage on any Unit at the principal office of the Association, and copies of the same may be purchased at reasonable cost.

8.8 Audited Statements. The Association shall make an audited statement for the preceding fiscal year available to the holder, insurer or guarantor of any first mortgage that is secured by a Unit in the condominium upon submission of a written request for it. The audited financial statement shall be available within one hundred twenty (120) days of the Association's fiscal year end. Any financial statement shall be furnished free of charge within a reasonable time upon request from any such Owner, lender, holder, issuer or guarantor or any prospective Owner, lender, holder, insurer or guarantor.

8.8 Notice to Association. An Owner who mortgages the Owner's Unit shall notify the Association through the management agent, if any, or the President or the Board of Directors in the event there is no management agent, of the name and address of the mortgagee and the Association shall maintain such information in a record book.

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The foregoing was adopted as the Bylaws of Fairmont Shop Condominiums Owners' Association, a Minnesota nonprofit corporation, by the Board of Directors effective as of October 3, 2024.

FAIRMONT SHOP CONDOMINIUMS
OWNERS' ASSOCIATION

Signed by: 
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By: Daniel Sprague
Its: President