

CONDO SUITES OTSEGO - CLASSICS ASSOCIATION

BYLAWS

SECTION 1 GENERAL

The following are the Bylaws of Condo Suites Otsego - Classics Association, a Minnesota nonprofit corporation (the "Association"). The Association is organized pursuant to Minnesota Statutes Chapter 317A, for the purpose of operating and managing Condo Suites Otsego - Classics, a non-residential condominium common interest community, located in the City of Otsego, Wright County, Minnesota. The terms used in these Bylaws shall have the same meaning as they have in the CIC Declaration for Condo Suites Otsego – Classics (the "Declaration"). References to Section numbers shall refer to sections of these Bylaws, unless expressly otherwise indicated.

SECTION 2 MEMBERSHIP

2.1 Owners Defined. All Persons described as Owners in the Declaration shall be Members. No Person shall be a Member solely by reason of holding a security interest in a Unit. A Person shall cease to be a Member at such time as that Person is no longer an Owner.

2.2 Registration of Owners and Occupants. An Owner shall register with the Secretary of the Association, in writing, (i) the name and address of the Owners and any Occupants of the Unit; (ii) the nature of such Owner's interest or estate in each Unit owned; (iii) the mailing address and email address at which the Owner desires to receive notice of any meeting of the Owners; (iv) the name and address of the secured party holding the first mortgage on the Unit, if any; and (v) the name of the Owner entitled to cast the vote allocated to the Owner's Unit. Each Owner shall have a continuing obligation to advise the Association in writing of any changes in the foregoing information.

2.3 Transfers. The interests, rights and obligations of an Owner in the Association may be assigned, pledged, encumbered or transferred, but only along with and as a part of the title to the Owner's Unit or as otherwise specifically authorized by the Governing Documents or by law.

SECTION 3 VOTING

3.1 Entitlement. Votes shall be allocated to each Unit as provided in the Declaration. However, no vote shall be exercised as to a Unit while the Unit is owned by the Association.

3.2 Authority to Cast Vote. At any meeting of the Owners, an Owner included on the voting register presented by the Secretary in accordance with Section 4.6, or the holder of such Owner's proxy, shall be entitled to cast the vote which is allocated to the Unit owned by the Owner. If there is more than one Owner of a Unit, only one of the Owners may cast the vote. If the Owners

of a Unit fail to agree as to who shall cast the vote, or fail to register pursuant to Section 2.2, the vote shall not be cast.

3.3 Voting by Proxy. An Owner may cast the vote which is allocated to the Owner's Unit and be counted as present at any meeting of the Owners by executing a written proxy naming another person entitled to act on that Owner's behalf, and delivering the same to the Secretary before the commencement of any such meeting. All proxies granted by an Owner shall be effective until the earliest of the following events: (i) revocation by the granting Owner by written notice or by personally attending and voting at the meeting for which the proxy is effective; (ii) the date specified in the proxy, if any; or (iii) the time at which the granting Owner is no longer an Owner.

3.4 Voting by Written Ballot. The entire vote on any issue may be determined by written ballots delivered to the Owners in person, by U.S. Mail, email, or other electronic means, along with a notice of the vote, subject to the following requirements.

- a. The notice of the vote shall: (i) clearly state the proposed action; (ii) indicate the number of responses needed to meet the quorum requirements, if applicable; (iii) state the percentage of approvals, or number of votes in the Association, necessary to approve each matter; and (iv) specify the time by which a ballot must be received by the Association in order to be counted.
- b. The Board shall set the time for the return of ballots, which shall not be less than seven (7) nor more than thirty (30) days after the date of delivery of the ballots to the Owners. The Board shall provide notice of the results of the vote to the Owners within ten (10) days after the expiration of the voting period.
- c. Approval by written ballot under this Section is valid only if (i) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and (ii) the number of approval votes equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
- d. An Owner shall be entitled to change his or her vote by giving written notice to the Secretary of the Association prior to the end of the voting period.
- e. If the ballots returned to the Board on or before the end of the voting period, as set forth in the notice, are not sufficient to constitute a quorum, or are not sufficient to approve a proposed action notwithstanding the existence of a quorum, then the Board shall have the right to extend the voting period for up to fourteen (14) days. During this extension, an Owner shall have the right to change his or her vote in accordance with Section 3.4, e., above. Upon extension of the voting period, the Board shall deliver notice to the Owners of the results of the initial vote, the extension of the voting period, the right of an Owner to change his or her vote, and all of the information included in the original notice as required by Section 3.4.a.,

above. Such notice may be delivered by any of the means set forth in 3.4, above, regardless of the method of delivery of original notice. Upon an extension of the voting period, any vote cast within the original voting period shall stand, unless the Owner takes action to change his or her vote in accordance with Section 3.4.e.

3.5 Vote Required. A majority of the votes cast at any properly constituted meeting of the Owners, or cast by written ballot in accordance with Section 3.4, shall decide all matters properly brought before the Owners, except where a different vote or voting procedure is required by the Governing Documents. Unless otherwise expressly indicated, the term “majority” as used herein shall mean in excess of fifty percent (50%) of the votes cast by the Owners voting in accordance with the voting procedures set forth in Section 3 and the allocation of voting power set forth in the Declaration. Cumulative voting shall not be permitted.

SECTION 4 MEETINGS OF OWNERS

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

a. **Meeting by Remote Communication.** At the discretion of the Board, a meeting of the Owners may be held by remote communication, provided the Board has implemented reasonable measures to provide each Owner with a reasonable opportunity to participate in such meeting, including an opportunity to: (i) read or hear the proceedings of the meeting substantially concurrently with those proceedings; (ii) if allowed by the procedures governing the meeting, have the Owner's remarks heard or read by other participants in the meeting substantially concurrently with the making of those remarks; and (iii) if otherwise entitled, vote on matters submitted to the Owners. Provided further, the number of Owners with voting rights participating in the meeting must be sufficient to constitute a quorum at a meeting. For the purpose of determining whether a quorum is present, participation in a meeting shall constitute “presence” at the meeting.

4.2 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. At each annual meeting of the Owners, (i) the persons who are to constitute the Board 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 decision by the Owners, shall be considered and acted upon at the meeting.

4.3 Special Meetings. Special meetings of the Owners may be called by the President as a matter of discretion. Special meetings of the Owners shall be called by the President or Secretary within thirty (30) days following receipt of the written request of a majority of the members of the Board or of Owners entitled to cast at least twenty-five percent of all the votes in the Association. The meeting shall be held within sixty days following receipt of the request. The

request shall state the purpose of the meeting, and the business transacted at the meeting shall be confined to the purposes stated in the notice. The purpose for which the meeting is requested and held must be lawful, and consistent with the Association's purposes and authority under the Governing Documents.

4.4 Authority to Modify Procedures The Board shall have the discretion to suspend or delay any meeting of the Owners hereunder, or to conduct such meeting by remote communication, in accordance with Section 4.1.1, above. The Board shall also have the discretion to bifurcate the business to be conducted at any such meeting, so that any matter requiring a vote of the Members, such as election of the Board, may be submitted by written or electronic ballot, and any remaining business may be addressed via one or more meetings held by remote communication, or be suspended until an in-person meeting can be held without undue risk to the Owners.

4.5 Notice of Meetings. Not less than twenty-one (21) nor more than thirty (30) days in advance of any annual meeting of the Owners, and at least seven, but no more than thirty (30) days in advance of any special meeting of the Owners, the Secretary shall send, to all Persons who are Owners as of the date of sending the notice, notice of the time, place and agenda of the meeting. The notice shall be sent by United States mail, hand delivery, email, or other electronic means, at the Owner's Unit address or to such other address as the Owner may have designated in writing to the Secretary. The notice shall also be sent to the Eligible Mortgagee with respect to a Unit, upon request, at the address provided by the Eligible Mortgagee. Any Eligible Mortgagee shall, upon request, be entitled to designate a representative to be present at any meeting. In the event that the Board shall call a meeting to be held by remote communication, the Notice shall include instructions for the Owner to view or participate in the meeting.

4.6 Quorum/Adjournment. The presence of Owners in person or by proxy, who have the authority to cast in excess of ten percent (10%) of all the votes in the Association shall be necessary to constitute a quorum at all meetings of the Owners for the transaction of any business, except that of adjourning the meeting to reconvene at a subsequent time. Any meeting may be adjourned from time to time, but until no longer than 15 days later, without notice other than announcement at the meeting as initially called. If a quorum is present at the reconvened meeting, any business may be transacted which might have been transacted at the meeting as initially called had a quorum then been present. The quorum, having once been established at a meeting or a reconvened meeting, shall continue to exist for that meeting notwithstanding the departure of any Owner previously in attendance in person or by proxy. The Association may be counted in determining a quorum as to any Unit owned by the Association. If a quorum is not present or represented by proxy, the meeting shall be adjourned and a second meeting shall be scheduled. At the second meeting, the required quorum shall be five percent (5%) of the total voting power. No notice of the second meeting shall be necessary, other than the announcement of the second meeting at the time the first meeting is adjourned.

4.7 Voting Register. The Secretary shall have available at the meeting a list of the Unit numbers, the names of the Owners, the vote attributable to each Unit and the name of the Person (in the case of multiple Owners) authorized to cast the vote.

4.8 Agenda. The agenda for meetings of the Owners shall be established by the Board, consistent with the Governing Documents, and shall be sent to all Owners along with the notice of the meeting.

SECTION 5 ANNUAL REPORT

The Board shall prepare an annual report, a copy of which shall be provided to each Owner at or prior to the annual meeting. The report shall contain, at a minimum:

5.1 Capital Expenditures. A statement of any capital expenditures in excess of five percent (5%) of the Association's current budget or five thousand dollars (\$5,000.00), whichever is greater, approved by the Association for the current year or succeeding two (2) fiscal years.

5.2 Reserve Funds. A statement of the balance in any reserve or replacement fund.

5.3 Financial Statements. 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.

5.4 Litigation and Judgments. A statement of the status of any pending litigation or judgments to which the Association is a party.

5.5 Insurance. A detailed description of the insurance coverage provided by the Association.

5.6 Status of Assessments. 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 6 BOARD OF DIRECTORS

6.1 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 the Incorporation of the Association or appointed to replace them by the Declarant. Upon the termination of the Declarant Control Period (defined below), the Board of Directors shall be composed of three (3) 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. The number of directors to serve on the Board may be changed by a vote of the Owners for a future year or years. No two directors may be Owners of the same Unit.

6.2 Election and Term of Office. The election and terms of office of the members of the Board shall be as follows:

- a. Election. Notwithstanding the vote of any Owner to the contrary, the Declarant shall have a period of Declarant control of the Association during which the Declarant, or persons designated by the Declarant, may appoint or remove the officers and directors of the Association (“Declarant Control Period”).
 - i. Period of Declarant Control. The Declarant Control Period shall extend from the date of filing of the Declaration until the earlier of the following: (a) Five (5) years after the date of the first conveyance of a Unit to an Owner other than the Declarant; (b) The Declarant’s voluntary surrender of control by giving written notice to the Owners; or (c) The conveyance of seventy-five percent (75.0%) of the Units to Owners other than Declarant.
 - ii. Owners’ Limited Right to Elect During Declarant Control. Notwithstanding the foregoing, upon conveyance to Owners other than Declarant of fifty percent (50.0%) of the total number of Units that may be included in the CIC, the Owners other than Declarant or an affiliate of Declarant shall be given the right to elect at least 33-1/3 members of the Board.
 - iii. Owner Election of Board. Within sixty (60) days after termination of the Declarant Control Period, the Owners shall hold a meeting at which they will elect a Board of Directors of at least three (3) individuals. In electing the Board, all Owners may cast the votes allocated to any Unit owned by them. The Board shall elect the officers. The directors and officers shall take office upon election.
 - iv. Declarant’s Right to Appoint after Declarant Control Period. After termination of the Declarant Control Period, the Declarant retains the right to appoint one (1) Director, who need not be a Member.
- b. Terms of Office. The terms of office of all directors elected by the Owners shall be two years. Each term shall expire upon the election of a successor at a subsequent annual meeting of the Members; 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 the Bylaws. There shall be no cumulative voting for directors.

6.3 Nominations. Except for directors appointed by Declarant, and upon termination of the Declarant Control Period, nominations for election to the Board at each subsequent annual meeting may be made by the Board, a nominating committee appointed by the Board, or an Owner. Only Owners may be appointed to the nominating committee, and at least one committee member must be a Director. If a nominating committee is appointed, it shall establish fair and reasonable procedures for the submission of nominations. All nominations shall be consistent with the requirements of this Section 6, and shall be made only with the consent of the nominee.

6.4 Powers. The Board shall have all powers necessary for the administration of the affairs of the Association, and shall exercise for the Association all powers and authority vested in or delegated to the Association (and not expressly prohibited or reserved to the Owners) by law or by the Governing Documents. The powers of the Board shall include, without limitation, the power to:

- a. adopt, amend and revoke Rules and Regulations not inconsistent with the Governing Documents, as follows: (i) regulating the use of the Common Elements; (ii) regulating the use of the Units, and the conduct of Owners and Occupants, which may jeopardize the health, safety or welfare of other Owners and Occupants, which involves noise or other disturbing activity, or which may damage the Common Elements or other Units; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the Common Elements and conduct which may damage the Property; (v) regulating the exterior appearance of the Property, including, for example, decks, patios and signs and other displays visible from outside the Unit; (vi) implementing the Governing Documents, and exercising the powers granted by this Section; and (vii) otherwise facilitating the operation of the Property;
- b. adopt and amend budgets for revenues, expenditures and reserves, levy and collect Assessments (subject to Section 6 of the Declaration), and foreclose Assessment liens incidental to its collection efforts;
- c. hire and discharge managing agents and other employees, agents and independent contractors;
- d. institute, defend or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more Owners on matters affecting the Common Elements or other matters affecting the Property or the Association, or (ii) with the consent of the Owners of the affected Units, on matters affecting only those Units;
- e. make contracts and incur liabilities;
- f. regulate the use, maintenance, repair, replacement and modification of the Common Elements and the Units;
- g. cause improvements to be made as a part of the Common Elements;
- h. acquire, hold, encumber and convey in its own name any right, title or interest to real estate or personal property;
- i. grant easements, leases and licenses through, over and under the Common Elements, for public and private roadways, utilities and other public purposes, and for public and private cable, internet, satellite and other electronic communications systems, and to grant other easements, leases and licenses through, over or under

the Common Elements with approval by a majority vote of the Owners other than Declarant;

- j. impose and receive any payments, fees or charges for services provided to Owners;
- k. impose charges for late payment of Assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Governing Documents or the Rules and Regulations;
- l. borrow money, and encumber or pledge the assets of the Association as security therefore; provided, that any borrowings in any twelve month period which exceed, in aggregate, twenty percent of the Association's then current annual budget, shall require approval by a vote of the Owners other than Declarant;
- m. impose reasonable charges for the review, preparation and recording of amendments to the Governing Documents, resale disclosure certificates, statements of unpaid Assessments, or furnishing copies of Association records;
- n. provide for the indemnification of its officers, directors and committee members, and maintain directors' and officers' liability insurance;
- o. provide for reasonable procedures governing the conduct of meetings and the election of directors;
- p. appoint, regulate and dissolve committees; and
- q. exercise any other powers conferred by law or the Governing Documents, or which are necessary and proper for the governance of the Association.

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

- a. Regular meetings of the Board shall be held at least annually, and as otherwise determined by the Board, at such times and locations as may be fixed from time to time by a majority of the directors. A schedule, or any amended schedule, of the regular meetings shall be provided to the directors, and posted or published for the information of Owners, to the extent required by Section 6.5.e.
- b. Special meetings of the Board shall be held when called (i) by the President or (ii) by the Secretary within ten (10) days following the written request of a majority of the directors. Notice of any special meeting shall be given to each director not less than three (3) days in advance thereof, subject to Section 6.5.c. 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, when personally delivered, orally or in writing, by a representative of the Board, or upon receipt if given via email or other electronic means.

- c. Any director may at any time waive notice of any meeting of the Board orally, in writing, or by attendance at the meeting. If all the directors are present at a meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.
- d. A conference among directors by a means of communication through which all directors can simultaneously hear each other during the conference is a Board meeting, if (i) the same notice is given for the conference as would be required for a meeting, and (ii) the number of directors participating in the conference is a quorum. Participation in a meeting by this means is personal presence at the meeting.
- e. Except as otherwise provided in this Section or by law, meetings of the Board must be open to the Owners. To the extent practicable, the Board shall give reasonable notice to the Owners of the date, time, and place of a Board meeting. If the date, time and place of meetings are provided for in the Governing Documents, announced at a previous meeting of the Board, posted in a location accessible to the 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. “Notice” has the meaning given in Section 11.1. Notwithstanding the foregoing, meetings may be closed at the discretion of the Board to discuss the following:
 - i. personnel matters;
 - ii. pending or potential litigation, arbitration or other potentially adversarial proceedings between Owners, between the Board or Association and Owners, or other matters in which any Owner may have an adversarial interest, if the Board determines that closing the meeting is necessary to discuss strategy or to otherwise protect the position of the Board or Association or the privacy of an Owner or Occupant; or
 - iii. criminal activity arising within the common interest community if the Board determines that closing the meeting is necessary to protect the privacy of the victim or that opening the meeting would jeopardize investigation of the activity.

The minutes of and the documentation discussed or submitted at such closed meeting may be kept confidential and need not be made available for review or copying pursuant to Section 8.5. Nothing in this Section imposes a duty on the Board to provide special facilities for meetings. The failure to give notice as required by this Section shall not invalidate the Board meeting or any action taken at the meeting, but shall not impair the Owners’ rights to exercise other remedies against the directors.

6.6 Quorum and Voting. A majority of the directors constitutes a quorum for the transaction of business at any meeting of the Board. A quorum, once established, continues to exist, regardless of the subsequent departure of any director. Each director has one (1) vote. The vote of a majority of the directors present at any meeting at which a quorum is present is sufficient to adopt any action. Proxies are not permitted.

6.7 Meetings by Remote Communication The Board, in its sole discretion, may hold any meeting by remote communication, provided that every Director has the ability to participate in such meeting, and provided the Owners are given instructions for viewing any meeting that has not been closed pursuant to Section 6.5 e., above.

6.8 Action Taken Without a Meeting. The Board shall have the right to take any action in the absence of a meeting which it could take at a meeting when authorized in a writing signed by all the directors; provided, that a copy of the proposed written action is given to all directors for review prior to its signing.

6.9 Vacancies. A vacancy on the Board due to resignation, or death or some other involuntary event which renders a director physically or mentally unable to serve, shall be filled by a person elected within thirty (30) days following the occurrence of the vacancy by a majority vote of the remaining directors, regardless of their number. Each person so elected shall serve out the term vacated.

6.10 Removal. A director may be removed from the Board, with or without cause, by a majority vote at any annual or special meeting of the Owners; provided, (i) that the notice of the meeting at which removal is to be considered states such purpose; (ii) that the director to be removed has a right to be heard at the meeting; and (iii) that a new director is elected at the meeting by the Owners to fill the vacant position caused by the removal. A director may also be removed by the Board if such director (i) has more than two (2) unexcused absences from Board meetings and/or Owners meetings during any twelve month period, or (ii) is more than sixty (60) days past due with respect to the payment of Assessments levied against the director's Unit. Vacancies created by removal under this Section shall be filled by the vote of the Owners as previously provided in this Section.

6.11 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, the directors shall receive no compensation for their services. Directors may be reimbursed for out-of-pocket expenses incurred in the performance of their duties. A director or an entity in which the director has an interest may, upon approval by the Board, be reasonably compensated under a contract for goods and services furnished to the Association in a capacity other than as a director; provided (i) that the contract is approved by a majority vote of the Board, excluding the interested director, and (ii) that the director's interest is disclosed to the Board prior to approval.

6.12 Fidelity Bond. Fidelity bonds or insurance coverage for unlawful taking of Association funds shall be obtained and maintained as provided in the Declaration on all directors and officers authorized to handle the Association's funds or other monetary assets.

SECTION 7 OFFICERS

7.1 Principal Officers. The principal officers of the Association shall be a President, a Secretary and a Treasurer, and may include a Vice President, at the discretion of the Board, all of whom shall be elected by the directors. The Board may from time to time elect such other officers and designate their duties as in their judgment may be necessary to manage the affairs of the Association. A person may hold more than one office simultaneously, except those of President and Vice President. Only the President and Vice President must be members of the Board. Owners of the same Unit may not simultaneously serve as officers of the Association, unless unanimously elected by the Board.

7.2 Election. The officers of the Association shall be elected annually by the Board at its annual meeting and shall hold office at the pleasure of the Board.

7.3 Removal. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, with or without cause, and a successor elected, at any regular meeting of the Board, or at any special meeting of the Board called for that purpose.

7.4 President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Board and the Association. The President shall have all of the powers and duties which are customarily vested in the office of president of a corporation, including without limitation the duty to supervise all other officers and to execute all contracts and similar obligations on behalf of the Association. The President shall have such other duties as may from time to time be prescribed by the Board.

7.5 Vice President. The Vice President shall take the place of the President and perform the duties of the office whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be prescribed by the Board.

7.6 Secretary. The Secretary is responsible for recording the minutes of all meetings of the Board and the Association. The Secretary shall be responsible for keeping the books and records of the Association, and shall give all notices required by the Governing Documents unless directed otherwise by the Board. The Board may delegate the Secretary's administrative functions to a managing agent; provided, that such delegation shall not relieve the Secretary of the ultimate responsibility for the Secretary's duties.

7.7 Treasurer. The Treasurer is responsible for all financial assets of the Association, and shall be covered by a bond or insurance in such sum and with such companies as the Board may require. The Treasurer shall (i) be responsible for keeping the Association's financial books, Assessment rolls and accounts; (ii) cause an annual financial report to be prepared, subject to review by the Association's accountants; (iii) cause the books of the Association to be kept in accordance with generally accepted accounting practices and shall submit them to the Board for its examination upon request; (iv) cause all moneys and other monetary assets of the Association to be deposited in the name of or to the credit of the Association in depositories designated by the

Board; (v) cause the proper obligations of the Association to be paid when due; and (vi) perform all other duties incident to the office of Treasurer. The Board may delegate the Treasurer's administrative functions to a managing agent; provided, that such delegation shall not relieve the Treasurer of the ultimate responsibility for the Treasurer's duties.

7.8 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, officers shall receive no compensation for their services. Officers may be reimbursed for out-of-pocket expenses incurred in the performance of their duties. An officer or an entity in which the officer has an interest may be reasonably compensated under a contract for goods and services furnished to the Association in a capacity other than as an officer; provided (i) that the contract is approved by a majority vote of the Board, excluding the interested party, and (ii) that the officer's interest is disclosed to the Board prior to approval.

SECTION 8 OPERATION OF THE PROPERTY

8.1 Assessment Procedures. The Board appointed by the Declarant shall annually prepare a budget of Common Expenses for the Association, but may elect to defer the levying of the first Assessment, in which case Declarant shall pay all operating expenses of the common interest community until the first Assessment is levied. Following the termination of the Declarant Control Period, the Board shall annually prepare a budget of Common Expenses for the Association and assess such Common Expenses against the Units according to their respective Common Expense obligations as set forth in the Declaration.

- a. Subject to any limitations contained in Section 6 of the Declaration, the Board shall fix the amount of the annual Assessment against each Unit, levy the Assessment and advise the Owners in writing of the Assessment at least thirty (30) days prior to the beginning of the Association's fiscal year when the first Assessment installment shall be due. The failure of the Board to timely levy an annual Assessment shall not relieve the Owners of their obligation to continue paying Assessment installments in the amount currently levied, as well as any increases subsequently levied.
- b. Subject to any limitations contained in Section 6 of the Declaration, the Board may amend the budget and Assessments, or levy a special Assessment, at any time. The levy shall be deemed to occur upon the date specified in the resolution which fixes the Assessment.
- c. The Board may (or must in certain cases) levy limited Assessments against only certain Units under Section 6 of the Declaration. Such Assessments may be included in the annual Assessments levied against the affected Units or may be levied separately during the year. Such Assessments are not annual or special Assessments within the meaning of the Declaration or of these Bylaws, and are not subject to any limitations on those Assessments.

- d. The annual budget shall include a general operating reserve, and, after the expiration of the Declarant Control Period, must include an adequate reserve fund for replacement of the Common Elements.
- e. The Association shall furnish copies of each budget on which the Assessment is based to an Owner or to any Eligible Mortgagee, upon request of such Person.

8.2 Payment of Assessments. The entire Annual Assessment shall be due and payable in full at the time it is levied, but, at the discretion of the Board, may be paid in monthly, quarterly, or semi-annual installments, or as otherwise determined by the Board, and special Assessments or limited Assessments shall be due when designated by the Board. Except as provided in the Declaration, all Owners shall be absolutely and unconditionally obligated to pay the Assessments and no Owner or Occupant shall have any right of withholding, offset or deduction against the Association with respect to any Assessments, late charges, interest or costs, regardless of any claims alleged against the Association or its officers or directors. Any rights or claims alleged by an Owner may be pursued only by separate action.

8.3 Default in Payment of Assessments. If any Owner does not make payment on or before the date when any Assessment or installment thereof is due, subject to such grace periods as may be established, the Board may assess, and the Owner shall be obligated to pay, a late charge as provided in the Declaration for each such unpaid Assessment or installment thereof, together with all expenses, including reasonable attorneys' fees and other professional fees and costs, incurred by the Board in collecting any such unpaid Assessment.

- a. If there is a default of more than thirty (30) days in payment of any Assessment, the Board may accelerate any remaining installments of the Assessment upon prior ten (10) day written notice thereof to the Owner, and the entire unpaid balance of the Assessment and late charges shall become due and payable upon the date stated in the notice unless all past due amounts, late charges, fines, reasonable attorneys' and other professional fees and costs incurred by the Board, are paid prior to said date.
- b. The Board shall use its best efforts to collect all Assessments, together with any charges, attorneys' fees and other professional fees and costs or expenses relating to the collection thereof. In addition, the Board shall use its best efforts to recover any and all collection or contingency fees or costs charged to the Association by a collection agency or other Person acting on behalf of the Association in collecting any unpaid Assessments.
- c. Upon written request of an Eligible Mortgagee of such Unit, notice of a default of more than sixty (60) days in payment of any Assessment or installment thereof or any other default in the performance of obligations by the Owner shall be given in writing to such Eligible Mortgagee.
- d. The rights and remedies referred to herein shall not limit the remedies available to the Association under the Declaration or by law.

8.4 Foreclosure of Liens for Unpaid Assessments. The Association has the right to foreclose a lien against a Unit for Assessments imposed by the Association, as more fully described in the Declaration.

8.5 Records. The Board shall cause to be kept at the registered office of the Association, and at such other place as the Board may determine, records of the actions of the Board, minutes of the meetings of the Board, minutes of the meetings of the Owners, names of the Owners and Eligible Mortgagees, and detailed and accurate records of the receipts and expenditures of the Association. With the exception of records that may be privileged information, all Association records, including receipts and expenditures and any vouchers authorizing payments, shall be available for examination by the Owners and the Eligible Mortgagees upon reasonable notice and during normal business hours. 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.

8.6 Enforcement of Obligations. All Owners and Occupants and their guests are obligated and bound to observe the provisions of the Governing Documents and any Rules and Regulations. The Association may impose any or all of the charges, sanctions and remedies authorized by the Governing Documents, any Rules and Regulations or by law to enforce and implement its rights and to otherwise enable it to manage and operate the Association.

SECTION 9 AMENDMENTS

These Bylaws may be amended, and the amendment shall be effective, upon the satisfaction of the following conditions:

9.1 Approval. The amendment must be approved by Owners who have authority to cast in excess of fifty percent (50%) of the total votes in the Association, in writing or at a duly held meeting of the Owners; subject to any approval rights of (i) Eligible Mortgagees, or (ii) Declarant, as and if provided in the Declaration.

9.2 Notice. A copy of the proposed amendment and, if a meeting is to be held, notice of such meeting, shall be delivered by U.S. mail, email, or other electronic means, or personally, to all Owners authorized to cast votes.

9.3 Effective Date. The amendment shall be effective on the date of approval by the required parties.

SECTION 10 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 Section 317A.521.

SECTION 11 MISCELLANEOUS

11.1 Notices. Unless specifically provided otherwise in the Declaration or these Bylaws, all notices required to be given by or to the Association, the Board, the Association officers or the Owners or Occupants shall be in writing and shall be effective upon hand delivery, or upon mailing if properly addressed with postage prepaid and deposited in the United States mail, or upon receipt if delivered by email or other electronic means; except that registrations pursuant to Section 2.2 shall be effective upon receipt by the Association.

11.2 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.

11.3 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

11.4 Conflicts in Documents. In the event of any conflict among the provisions of the Articles, the Declaration, the Bylaws or any Rules or Regulations approved by the Association, the Articles shall control. In the event of any conflict among the provisions of the Declaration, the Bylaws or any Rules and Regulations, the Declaration shall control, and as between the Bylaws and any Rules and Regulations, the Bylaws shall control. Notwithstanding the above, where two or more provisions of any documents to which the Property is subject, address the same matter, the more restrictive provision shall control.

11.5 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

11.6 No Corporate Seal. The Association shall have no corporate seal.

11.7 Fiscal Year. The fiscal year of the Association shall be as determined by the Board.

The undersigned certifies that these Bylaws were adopted by the first Board of Directors of Condo Suites Otsego - Classics Association, a Minnesota nonprofit corporation, effective as of the date hereof.

Dated: _____

Scott Boyd, Secretary
Condo Suites Otsego - Classics Association