

**BYLAWS
OF THE
HICKORY LAKE
CAMPGROUND COOPERATIVE
ASSOCIATION**

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**BYLAWS OF THE
HICKORY LAKE CAMPGROUND COOPERATIVE ASSOCIATION
AITKIN COUNTY COMMON INTEREST COMMUNITY NO. 8**

ARTICLE I - THE ASSOCIATION

Section 1. The Association. Pursuant to the requirements of Minnesota Statutes, Section 515B.3-101, Declarant has organized Hickory Lake Campground Cooperative Association (the “Association”) as a Minnesota corporation to administer the common interest community known as Hickory Lake Campground Cooperative.

Section 2. Association’s Registered Office. The Association’s Registered Office is 29510 U.S. Highway 169, Aitkin, MN 56431. To change the location of the Association’s registered office, the Association must comply with the requirements of Minnesota Stat. § 317A.123.

**ARTICLE II - MEMBERSHIP, VOTING RIGHTS AND
MEETINGS OF MEMBERS**

Section 1. Membership. The Association has Members. The number of Members always equals the number of Units in the Common Interest Community. If a Person is the sole owner of a Unit, the Person is a member of the Association. If more than one Person has an ownership interest in a Unit, all Persons with an ownership interest in a Unit are, collectively a single member of the Association. A member of the Association is referred to herein as a “Member”. For purposes of determining membership in the Association, contract for deed vendees are each deemed to have the ownership interest in a Unit subject to a contract for deed and are Members. Contract for Deed vendors are Secured Parties and are not Members. Acceptance of an ownership interest in a Unit constitutes the Owner’s consent to admission as a Member of the Association. If a Person ceases to have an ownership interest in a Unit, the Person’s membership rights automatically transfer to the Person or Persons who succeed to the Person’s ownership interest in the Unit. Only Persons with an ownership interest in a Unit may be Members.

Section 2. Annual Meetings. The Association must hold a meeting of its Members at least once each calendar year. The Board must schedule the time of each annual meeting, and the secretary of the Association must provide notice of the annual meeting pursuant to Section 6 of this Article II. At each annual meeting of the Members:

- (a) The Members must elect directors to succeed directors whose terms have

expired or whose terms the Board reasonably expects will expire before the next annual meeting;

(b) The Board or its designated representative must report to the Members on the Association's activities and financial condition; and

(c) The Members must consider and act upon any additional matters referenced in the notice of meeting. The Board is authorized to determine what, if any, additional matters will be placed on the agenda for the annual meeting and included in the notice of meeting; provided, however, if twenty percent of the Members with voting rights execute and present to the president or treasurer, at least thirty days prior to the date established for the annual meeting, a written demand that a matter be included on the agenda for an annual meeting, the Board must include the matter on the agenda for the annual meeting and in the notice of meeting.

Section 3. Special Meetings. The Association president may call a special meeting of the Members at any time and must call a special meeting of the Members within sixty days of:

(a) The Board's adoption of a resolution directing the president to call a special meeting and stating the purpose for which the special meeting is to be held; or

(b) The president's receipt of a written demand for a special meeting from not less than twenty percent of the Members. The demand must state the purpose for which the special meeting is to be held.

Section 4. Determination of a Record Date. Before each annual or special meeting of the Members, the Board must designate a date for the determination of the Members entitled to notice of and entitled to vote at the meeting (the "Record Date"). The Board must designate a Record Date that is not more than sixty days before the date of the meeting. Only Members on the Record Date are entitled to notice of and are permitted to vote at the meeting.

Section 5. Preparation of Member List. After establishing the Record Date, the Board must prepare an alphabetical list of the names of the Members who are entitled to receive notice of the meeting and to vote at the meeting (the "Member List"). The Member List must state the address of each Member entitled to vote at the meeting and the number of votes each Member is entitled to cast at the meeting. Beginning two business days after the Board gives notice of an annual or special meeting, as provided for in Section 6 below, and continuing through the date of the meeting, the Board must make

the Member List available to Members for inspection. The Member List must be available at the Association's principle place of business or at a reasonable location identified in the notice of meeting. The Member List must also be available at the meeting. A Member or his or her agent or attorney is entitled, on written demand, to inspect and copy the Member List at a reasonable time at the Member's expense during the period it is available for inspection and at any time during the meeting or an adjournment of the meeting.

Section 6. Notice of Meetings. The Association secretary must deliver a notice of each annual or special meeting of the Members to each Member at least 21 days prior to an annual meeting and at least seven days prior to a special meeting, but the Secretary may not deliver the notice of meeting more than thirty days prior to an annual or special meeting. The notices must be hand delivered or mailed to all Members at the address of the Member's Unit. A Member may, by written notice delivered to the Board, designate another address for the receipt of notices of annual and special meetings. The notice must state the date, time and place of the meeting, the purposes of the meeting, and the procedures for appointing proxies.

Section 7. Place of Meetings. The Board may hold meetings of the Members at the Association's office, if any, at the Campground.

Section 8. Conduct of Meetings and Quorum Requirement. The Board may establish procedures to govern the conduct of meetings of the Members. At the initial meeting of Members after notice given pursuant to Section 6, the presence of Members or of proxies entitled to cast 60% (sixty percent) of the entire voting power of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement as set forth in Section 6, and the required quorum at the subsequent meeting shall be one-half of the quorum required at the preceding meeting. No such subsequent meeting shall be held more than sixty days following the preceding meeting.

Section 9. Adjourned Meetings. If the Members cannot conduct business at a meeting of the Members for lack of a quorum, a majority of the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called and may continue this process until a quorum is obtained. The Association's secretary is not required to give Members notice of the date, time or place of any adjourned meeting.

Section 10. Voting Rights. As set forth in Article III, Section 2 of the Declaration, each Member is entitled to one vote on Association matters. Members may cast a vote in person or by a written proxy. The Board may adopt a resolution providing

for a vote of the Members on any issue except the election of directors via mailed ballots pursuant to Minn. Stat. § 515B.3-110(c). If more than one Person has an ownership interest in a Unit, they must select one Person to cast the membership vote allocated to the Unit. If they do not select one Person to cast their membership vote and notify the Association as to who shall cast the vote, the Persons who own the Unit must abstain from voting, and the Board may disregard any attempt by one or more of the Persons who has an ownership interest in the Unit to cast a vote without the agreement of the other Person or Persons with an ownership interest in the Unit. The Board is not responsible for determining if all Persons with an ownership interest in a Unit agree on how to cast the vote assigned to that Unit. Unless the Board has actual knowledge of a disagreement among the Persons who have an ownership interest in a Unit regarding the manner in which the vote allocated to that Unit is to be cast, the Board may accept the vote of any Person who has an ownership interest in the Unit.

Section 11. Proxies. A Member may execute a written proxy statement appointing a third party to cast the Member's vote at an annual or special meeting of the Members. The Member must deliver the proxy statement to the Association secretary at least 24 hours before the scheduled time of the meeting. A proxy statement is valid for a period of 11 months unless the proxy statement itself indicates that it is valid for a different period of time. A proxy statement is not valid for more than three years from its execution. A Member may revoke a proxy at any time, by attending a meeting and voting in person; delivering a written statement of revocation to the secretary; or delivering a subsequent proxy form to the secretary. The Board may adopt a resolution requiring the use of a specified proxy form and may adopt other proxy procedures provided the procedures do not violate Minnesota law.

Section 12. Action of the Members. If a quorum is present or if a quorum has been present at a meeting, the affirmative vote of a majority of Members present, either in person or by proxy, and entitled to vote, which must also be a majority of the required quorum, is the act of the Members.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Qualifications of Directors. Each director other than the directors identified in the Articles of Incorporation or directors a Declarant or a Declarant's designee appoints pursuant to Section 2 below must be an Owner, or, if a Person other than a natural person is an Owner, a designated agent of an Owner who is not a natural person. After a Declarant's right to appoint directors pursuant to Section 2 expires, a majority of the directors must be Owners or designated agents of Owners other than a Declarant or representatives of a Declarant.

Section 2. Declarant's Right to Appoint Directors. The Articles of Incorporation designate the Association's initial Board. The initial Board has three members. The Declarant, or a Person the Declarant designates, has the exclusive right to remove one or more of the three directors designated in the Articles of Incorporation or their approved successors, at will, and appoint successors, until the earlier of:

- (a) five years from the date the Declaration is recorded in the county land records;
- (b) Declarant's voluntary surrender of the right to appoint directors; or
- (c) the date sixty days after the date Declarant has conveyed seventy-five percent of the Units to Purchasers.

Section 3. Members' Election of Directors; Number of Directors. The Board has three members until the date the Declarant has conveyed fifty percent of the Units to Purchasers. Within sixty days of the date the Declarant has conveyed fifty percent of the Units to Purchasers, the Board must call and hold an annual or special meeting of the Members. At that meeting the Members must elect two additional directors. From and after that election, the Board consists of five directors. Within sixty days after the date a Declarant has conveyed seventy-five percent of the Units to Purchasers, the Board must call and hold an annual or special meeting of the Members. At that meeting, the terms of all five directors expire, and the Members must elect two directors for a term of three years; two directors for a term of two years; and one director for a term of one year. Thereafter, as the terms of those five directors expire, the Members elect directors for three year terms. Elected Directors take office upon the later of the date of their election or the date their predecessor's term expires. Elected directors hold office until they resign, the Members remove them pursuant to Section 6 below or their terms expire and the Members elect successor directors.

Section 4. Nomination and Election Procedures. Prior to each annual meeting, the Board must appoint a nominating committee. The nominating committee must include a chairperson, who must be a member of the Board, and two or more Members who may but need not be members of the Board. The nominating committee may make as many nominations for election to the Board as the committee deems appropriate, but the committee must nominate at least one person for each open seat on the Board. The Members may also make nominations from the floor at the annual meeting. Members vote by secret, written ballot for Board members. Provided a quorum is present, the candidate receiving the most votes is elected.

Section 5. Vacancies. If, after the Declarant's right to appoint successor directors pursuant to Article III, Section 2 terminates, one or more vacancies occur on the Board as a result of one or more director's death or resignation, the remaining directors may vote to fill the vacancy or vacancies even if the remaining directors constitute less than a quorum. The affirmative vote of a majority of the remaining directors is necessary to elect an interim director. If a majority of the remaining directors do not agree on an interim director, the seat remains vacant until the next annual or special meeting of the Members. Each director so elected is a director until the next annual or special meeting of the Members at which time the Members must elect a successor to serve the remainder of the original director's term. If the original director's term has expired, the Members must elect a successor director.

Section 6. Removal of Directors. The Declarant or a designee of the Declarant may remove directors a Declarant or a designee of a Declarant appointed and may appoint a successor director. The Members may, with or without cause, remove a director whom the Members elect, but not a director designated in the Articles of Incorporation of a director the Declarant appointed, at any annual or special meeting duly called, and the Members must immediately elect a successor to fill the vacancy created. If the Members propose the removal of a director, the director must be given an opportunity to be heard before the Members vote on the director's removal.

Section 7. Organizational Meeting of Elected Directors. The Board must hold an organizational meeting within thirty days of the election of a new director at a place a majority of the directors present at the election determine. No additional notice of the organizational meeting is necessary.

Section 8. Regular Meetings. The Board must hold regular meetings at the times and places the Board determines and announces at the Board's previous meeting. The Board must hold at least two regular meetings each year.

Section 9. Special Meetings. Any director may call a special meeting of the Board on 5 days notice to each director. The notice may be given personally, by mail or by telephone, and must state the date, time, place and purpose of the meeting.

Section 10. Waiver of Notice. A director may waive notice of a meeting of the Board. The waiver may be given before, at or after a meeting and may be made orally or in writing or implied from attendance at the meeting without objection.

Section 11. Open Meeting Rule and Notice to Members. Board meetings must be open to the Owners. To the extent practicable, the Board must give reasonable notice to the Members of the date, time and place of a Board meeting. Notice is not required if the date, time and place of meetings are provided for in the Declaration, Articles of Incorporation, or Bylaws; announced at a previous meeting of the Board; posted in a reasonably accessible location the Board designates from time to time; or if an emergency requires the Board to consider a matter immediately. “Notice” has the meaning given in Minn. Stat. § 317A.011, subdivision 14. The Board may close meetings to discuss the following:

- (1) personnel matters;
- (2) pending or potential litigation, arbitration or other potentially adversarial proceedings between Owners or between the Board or the Association and an Owner or 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 the Association or the privacy of an Owner or occupant of a Unit; or
- (3) 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.

Nothing in this subsection imposes a duty on the Board to provide special facilities for meetings. This subsection does not require the Board to allow Members to speak at or otherwise participate in the Board’s discussion, but the Board may allow Members to speak or participate to the extent the Board deems appropriate. The failure to give notice as required by this subsection does not invalidate the Board meeting or any action taken at the meeting.

Section 12. Electronic Meetings. A conference among directors via any means of communication through which the participants and any Members wishing to attend may simultaneously hear each other during the conference constitutes a meeting of the Board if the same notice is given of the conference as is required for a meeting, and if the number of directors participating in the conference is sufficient to constitute a quorum at the meeting. The participation in the meeting by that means constitutes a director’s presence, in person, at the meeting.

Section 13. Quorum, Procedural Rules and Actions of the Board. A majority of the directors constitutes a quorum for the transaction of business. Robert's Rules of Order govern the conduct of Board meetings. The Board may, by resolution, modify the applicability of Robert's Rules of Order or adopt alternative rules of procedure to govern the conduct of its meetings. The Board acts by resolution. A resolution is adopted if a majority of the directors present, either in person or, if the requirements of Section 12 of this Article III are satisfied, electronically, at a regular or special meeting of the directors at which a quorum of directors are present, either in person or electronically, vote in favor of the resolution.

Section 14. Powers. The Board has the Authority to:

(a) Adopt, amend and revoke rules and regulations not consistent with the Articles of Incorporation, these Bylaws or the Declaration, as follows: (i) regulating the use of the Common Elements; (ii) regulating the use of the Units and the conduct of Unit occupants, which may jeopardize the health, safety or welfare of other occupants, which involves noise or other disturbing activities, or which may damage the Common Elements or other Units; (iii) regulating or prohibiting animals; (iv) regulating the changes in the appearance of the Common Elements and conduct which may damage the Common Interest Community; (v) regulating the exterior appearance of the Common Interest Community, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a Unit; (vi) implementing the Articles of Incorporation, these Bylaws and the Declaration, and exercising the powers granted in Minn. Stat. Ch. 515B.3-102; and (vii) otherwise facilitating the operation of the Common Interest Community;

(b) Adopt and amend budgets of revenues, expenditures, and reserves and levy assessments for Common Expenses against Units and collect assessments from Owners;

(c) Hire and discharge managing agents and other employees, agents and independent contractors; provided, however, any management contract entered into before the expiration or termination of Declarant's right to appoint directors pursuant to Article III, Section 2, must grant the Association the right to terminate the contract without cause or penalty, any time after the expiration or termination of Declarant's right to appoint directors;

- (d) Institute, defend, or intervene in arbitration, litigation or administrative proceedings (i) in the Association's name on behalf of the Association or two or more Members on matters affecting the Common Elements or other matters affecting the Common Interest Community 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 (including prohibiting use), maintenance, repair, replacement and modification of Common Elements and Units;
- (g) Make improvements to the Common Elements and purchase property, real or personal, provided that the cost of improvements or property may not exceed 25% (twenty-five percent) of the total budget for annual assets or \$10,000, whichever amount is greater, per improvement or item of property or 50% (fifty percent) of the budget for annual assets, or \$20,000, whichever is greater, for all improvements and property purchased over a 12-month period unless the Members approve the project at a special or annual meeting of the Members. This limitation on improvements and the purchase of property does not impair or restrict the Board's authority to expend sums to maintain or repair the Common Elements, regardless of the cost of the maintenance or repairs so long as the maintenance or repairs are directed towards putting the Common Elements in a condition similar to the condition prior to the necessity of maintenance or repairs;
- (h) Acquire, hold, encumber, and convey in its own name any right, title or interest to real estate or personal property, and convey or encumber Common Elements but only pursuant to the provisions of Minn. Stat. §515B.3-112;
- (i) Grant public utility easements through, over or under the Common Elements, and, with the approval of a majority of Members other than a Declarant or an Affiliate of a Declarant, grant other public or private easements, leases and licenses through, over or under the Common Elements;
- (j) Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements other than Limited Common Elements and for services the Association provides 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 Declaration, Bylaws, and the Association's rules and regulations, if any;

- (l) Impose reasonable charges including reasonable costs and attorneys' fees, for the evaluation, preparation and recordation of Amendments to the Declaration, resale certificates, statements of unpaid assessments or furnishing copies of Association records;
- (m) Provide for the indemnification of directors and officers and maintain directors' and officers' liability insurance;
- (n) Establish reasonable procedures governing the conduct of meetings of the Members, the election of directors and the use of proxies;
- (o) Exercise any other powers conferred by Minn. Stat. Ch. 317A, Minn. Stat Ch. 515B, the Declaration, or Bylaws;
- (p) Exercise any other powers necessary and proper for the governance and operation of the Association.

ARTICLE IV - OFFICERS

Section 1. Required Officers; Election and Appointment of Officers. The Association must have a president, a vice president, and a secretary-treasurer. The Declarant must appoint the officers during the period of time Declarant is entitled to appoint directors as set forth in Article III. Thereafter, the Board must elect officers annually at the organizational meeting of each new Board. The president, vice president and secretary-treasurer must be directors. The Board may appoint an assistant treasurer, an assistant secretary, and such other officers the Board deems appropriate.

Section 2. Removal of Officers. The Board may, by affirmative vote, remove any officer either with or without cause. The Board must elect a successor at the next regular meeting of the Board or at a special meeting of the Board called for such purpose.

Section 3. President. The president is the chief executive officer of the Association. He or she is responsible for the general active management of the Association and, when present, presides at all meetings of the Association and the Board. He or she has all of the general powers and duties usually vested in the president of a Minnesota corporation including, but not limited to, the authority to execute and deliver contracts and other documents in the name of the corporation; the authority to appoint committees from among the Owners from time to time as he or she may in his or her discretion decide are appropriate to assist in the conduct of the affairs of the Association; and the duty to see that orders and resolutions of the Board are carried into effect.

Section 4. Vice President. The vice president must take the place of the president and perform his or her duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Board must appoint a director to act as president on an interim basis.

Section 5. Secretary-Treasurer. The secretary-treasurer must maintain records of and, when necessary, certify to proceedings of the Board and the Members. He or she must keep accurate financial records of the Association; deposit money and endorse and deposit notes, checks and drafts the Association receives in the name or to the credit of the Association in the banks and depositories the Board has designated; and disperse Association funds and issue checks and drafts in the name of the Association pursuant to resolutions of the Board; and upon request, provide the president and the Board an account of transactions and of the financial condition of the Association.

ARTICLE V - BUDGET AND ASSESSMENTS

Section 1. Budget Preparation. Before a Declarant conveys the first Unit to a Purchaser and on and before November 1 of each year, the Board must prepare a proposed budget for the Association. The first proposed budget is 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 are for the upcoming calendar year. Proposed budgets must set forth the Board's estimate of the Common Expenses for the budget period. Pursuant to Minnesota Statutes, Section 515B.3-114, the Association's annual budget must provide from year to year, on a cumulative basis, for adequate reserve funds for the cost of replacing those parts of the Common Elements the Association is obligated to maintain, repair or replace.

Section 2. Assessment Role Preparation. Contemporaneously with the preparation of each budget, the Board must prepare an assessment role. The assessment role must 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 the Unit's Fractional Allocation, as defined in the Declaration; provided, however, the Board:

- (a) Must assess any Common Expense associated with the maintenance, repair or replacement of Limited Common Elements equally against the Units to which those Limited Common Elements are assigned. If there are substantially similar Limited Common Elements assigned to all Units and the Association performs substantially similar maintenance, repairs or replacements on all of the similar

Limited Common Elements, the Association may allocate the total cost equally among all Units;

(b) May assess any Common Expense or portion thereof that benefits fewer than all of the Units exclusively against and equally among the benefitted 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 assessments due and payable with respect to that Unit or in connection with the enforcement of the provisions of the Declaration, Bylaws or rules and regulations against an Owner or occupant of the Unit;

(f) May assess fees, charges, late charges, fines and interest as provided in Minn. Stat. §515B.3-116(a);

(g) May 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 occupant or their invitees, and which is not covered by the Association's insurance against the Owner's or occupant's Unit.

The assessment role must also state the amount of the monthly installment of the annual assessment for each Unit.

Section 3. Budget Adoption and Assessment Levy. The Board must provide each Owner with a copy of the proposed budget and assessment role for the upcoming year on or before November 1 of each year. Before the Declarant conveys the first Unit to a Purchaser and between December 1 and December 31 of each year thereafter, the Board must, by resolution, adopt an annual budget and levy annual assessments. The Board must 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.

Section 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.

Section 5. Special Assessments. In addition to the annual assessments levied on or before January 1 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 2(a) through (h). Special assessments must be levied in the same manner as annual assessments and are due and payable as the Board determines.

Section 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 does 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 Owner must 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.

Section 7. Payment of Assessments. Unless otherwise provided in the Board's resolution levying the assessment, annual assessments are payable to the Association 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 are jointly and severally liable for all assessments. Owners may not withhold payment of annual or special assessments or reduce the amount of the Owners payments as a set-off against claims which the Owner asserts against the Association. If an Owner fails to pay any installment of any assessment, in full, within 10 days of the date due, the payment is delinquent. Interest accrues on delinquent payment from the date the payment was due through the date the payment is made at the judgment rate of interest as determined by Minnesota Stat. §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 has 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 includes 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. The Board may, by resolution, adopt procedures governing the manner in which the Association applies payments of an amount less than the total amount due to the total amount due.

Section 8. Working Capital Fund. The Board must establish a working capital fund to meet unforeseen expenditures or to purchase any additional equipment or services necessary to perform the Association's obligations. Declarant will require each Purchaser purchasing a new Unit from Declarant to pay an amount equal to three times the amount of the monthly installment of assessments due and payable with respect to the Unit purchased to the Association for deposit in the working capital fund. Declarant will require Purchaser to pay this amount at the time the Declarant closes on the sale of the Unit to the initial Purchaser. When Declarant's right to appoint Directors pursuant to Article III, Section 2 expires or terminates, Declarant must pay to the Association, for deposit in the working capital fund, an amount equal to three times the monthly assessment due and payable for each Unit which Declarant has not sold to a Purchaser. Declarant may thereafter require the initial Purchasers of the unsold Units to reimburse Declarant for the amount Declarant pays to the Association. Declarant may not use the working capital fund to defray any of Declarant's expenses, fund Association repair and replacement reserve accounts, defray construction costs or to make up any budget deficits which rise during the period that Declarant retains the right to appoint Directors pursuant to Article III, Section 2.

ARTICLE VI - BOOKS AND RECORDS, ANNUAL REPORTS, RESALE CERTIFICATES AND ACCOUNTING CONTROLS

Section 1. Books and Records. The Board must keep adequate records of the Association's membership, membership meetings, Board meetings, committee meetings, contracts, leases and other agreements to which the Association is a party, and material correspondence and memoranda relating to its operations. The Association must keep financial records sufficiently detailed to enable the Association to comply with Sections 3 and 4 below. The Association's records may be kept at the registered office of the Association, or at any other location approved by the Board. The Board must make current copies of the Association's records available to any Owner, a Owner's authorized agent, or a holder, insurer or guarantor of a first mortgage lien on a Unit for examination at reasonable times during normal business hours; provided, however, that a person wishing to review the Association's records must provide the Board with reasonable, advance notice to allow the Board to comply with this section.

Section 2. Annual Reports. The Association must prepare an annual report and distribute it to each member on or before the earlier of the date of the annual meeting of the Members or April 1st of each year. The annual report must contain, at a minimum, the following:

- (a) A statement of any capital expenditures in excess of the 2% of the current budget or \$5,000.00, whichever is greater, which the Board has approved for the current fiscal year or succeeding two fiscal years.
- (b) A statement of the balance in any reserve or replacement fund.
- (c) A copy of the statement of revenues and expenses for the last fiscal year and a balance sheet for the Association 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 detailed description of the insurance coverages which the Association maintains, including a statement as to which if any of the items referred to in Minnesota Statutes §515B 113, subsection (b), are insured by the Association.
- (f) A statement of all delinquent payments of annual or special assessments, including a total past due amount, current as of not more than 60 days prior to the date of the annual meeting, in each case identifying the Owner, the Unit, and the amount of the delinquency.

Section 3. Resale Certificates. At the request of an Owner or an Owner's authorized representative, the Association must provide the Owner or Owner's authorized representative with a resale disclosure certificate satisfying the requirements of the Act. The Association must provide the certificate within 10 days of the Owner's or Owner's authorized representative's request. The Association may charge a reasonable fee for furnishing the Certificate and any documents related thereto.

Section 4. Accounting Controls. The Board must hire a licensed, independent, certified public accountant who is not an employee of the Declarant or its affiliates, is professionally independent of the control of Declarant or its affiliates, is licensed by the Minnesota State Board of Accountancy and satisfies the test for independence as promulgated by the American Institute of Certified Public Accountants, to prepare and review the Association's financial statements at the end of the Association's fiscal year. The financial statements must be prepared in accordance with generally accepted accounting principles as established from time to time by the American Institute of

Certified Public Accountants, and must be reviewed in accordance with standards for accounting and review services. The financial statement must be presented on the full accrual basis using an accounting format that separates operating activity from replacement reserve activity. The Board must deliver the reviewed financial statement to all Members within 120 days after the end of the Association's fiscal year. Notwithstanding the foregoing, the Board may elect not to obtain a review of the Association's financial statements for a fiscal year if, not more than 60 days after the end of that fiscal year, owners holding at least 30% of the votes in the Association vote, at an annual or special meeting of the Association or by mailed ballot, to waive the review requirement for that fiscal year. A waiver vote does not apply to more than one fiscal year, and does not prevent the Board from causing a review or audit to be made.

ARTICLE VII - AMENDMENTS TO BYLAWS

Section 1. Amendments. Subject to the terms of the Declaration, the Members of the Association may amend these Bylaws at an annual meeting or at a special meeting called for that purpose. To be effective, the Owners of at least 67% of the Units and the holders of first mortgages on at least 51% of the Units subject to first mortgages (each mortgagee having one vote per unit financed) must vote in favor of the amendment in person or by written proxy, and the Association must record the amendment in the appropriate county land records. If, during the period that the Declarant is in control of the Association, the VA is a guarantor of any first mortgage on a Unit, the Bylaws may not be Amended without the prior written consent of the VA.

ARTICLE VIII - NOTICES

Section 1. Notice of Change of Residence. The Owner must promptly notify the Association, through the managing agent, if any, or the president if there is no managing agent, of the Owner's current mailing address when there is a change of address. The Board may require that the Association be notified of the mailing address of any individual staying in or using the campground property. The Association must maintain such information in a record book.

Section 2. Notice of Mortgagees. An Owner who mortgages his Unit must notify the Association, through the managing agent, if any, or the president, if there is no managing agent, of the name and address of the Owner's mortgagee. The Association must maintain such information in a record book.

ARTICLE IX - INDEMNIFICATION

Section 1. General. The Association must indemnify each person who is or was a director, an officer, or a member of any committee which the Board forms, or who serves or served the Association as the Association's appointed representative to some other corporation or legal entity for actions which the person takes or decisions which the person makes on behalf of the Association, as provided for in Minnesota Statutes §317A.521 or any successor statute.

Section 2. Insurance. To the extent reasonably available, the Association must maintain and pay for a contractual liability endorsement to the Association's liability insurance policy to insure its obligations Under Section 1 of this Article IX.

ARTICLE X - DEFINITIONS AND COMPLIANCE WITH THE ACT

Section 1. Definitions. Except as expressly defined in these Bylaws, capitalized terms used in these Bylaws shall have the meanings set forth in the Minnesota Uniform Common Interest Ownership Act, Minnesota Statutes, Ch. 515B or the Declaration.

Section 2. Compliance With the Act. These Bylaws are set forth to comply with the requirements of the Act, Minn. Stat. Ch. 317A and the Declaration. In case any of these Bylaws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the Act will apply unless expressly stated otherwise.