

**BYLAWS
OF
WYNSTONE TOWNHOMES ASSOCIATION**

A Non-Profit Corporation Organized and Existing
Under the Laws of the State of Minnesota

ARTICLE I.

IDENTITY

These are the Bylaws of Wynstone Townhomes Association, a Minnesota non-profit corporation ("Association"), the Articles of Incorporation ("Articles") of which have been filed in the office of the Minnesota Secretary of State.

These Bylaws are part of the Declaration establishing a plan for townhomes made by Jasper Development Corporation of Waconia ("Declarant").

For the purpose of these Bylaws, the terms specifically defined in the Declaration of Wynstone Townhomes ("Declaration") dated November 22, 1999, shall have the same meaning herein.

ARTICLE II.

PERSONAL APPLICATION

All present or future owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the project in any manner, are subject to the regulations set forth in these Bylaws.

The mere acquisition or rental of any of the Units of the project or the mere act of occupancy of any of said Units will signify that the Bylaws are accepted, ratified, and will be complied with.

ARTICLE III.

MEMBERSHIP

The qualifications and responsibilities of the members and the manner of their admission into the Association shall be as follows:

1. Owners and Members. A Unit owner shall be each owner of record of a fee simple absolute interest in a Unit and the corresponding lot in Wynstone Townhomes but including Contract for Deed sellers and Contract for Deed purchasers, except Contract for Deed

purchasers of a Unit who are holders of a security for an obligation. Each Unit owner, by virtue of such ownership, shall be a member of this Association, and shall remain a member until such time as ownership ceases for any reason. The mere acquisition of a Unit or mere occupancy of a Unit will signify that these Bylaws are accepted and ratified and will be complied with. The share of a member in the funds and assets of the Association cannot be assigned, pledged, encumbered, alienated, or transferred in any manner except as an appurtenance to that Unit. When one or more persons so own a Unit all such persons shall be members of the Association.

ARTICLE IV.

VOTING AND MEETINGS

1. Place of Meeting. Meetings of the Association shall be held at the office of the Association, or such other suitable place convenient to the owners as may be designated by the Board of Directors.

2. Annual Meetings. The first annual meeting of the Association will be held on October 12, 1999. Thereafter, the annual meetings of the Association shall be held on the second (2nd) Tuesday of October of each successive year. Meetings must be held at least annually. At such meetings there shall be elected by ballot of the owners a Board of Directors in accordance with the requirements of these Bylaws. The owners may also transact such other business as may properly come before them.

3. Special Meetings. It shall be the duty of the President of the Association to call a special meeting of the owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of 80% of the owners present, either in person or by proxy.

4. Notice of Meetings. It shall be the duty of the Secretary of the Association to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit owner of record at least twenty-one (21) days prior to any annual or regularly scheduled meeting. The notice shall be sent by United States Mail to all Unit owners of record at the address of the respective Units and to such other addresses as any of them may have designated to the Secretary. The mailing of a notice in the manner provided in this Section shall be considered notice served. Notice of all meetings shall be mailed to all first mortgagees who request in writing a notification of such meetings. Notice of all meetings shall be mailed to the director of the local insuring office of the Federal Housing Administration.

The notice of the annual meeting, as prepared by the Secretary of the Association, must contain a report, containing as a minimum, the following:

- a. A statement of any capital expenditure of the Association in excess of two percent (2%) of the current budget, or \$5,000.00 whichever is greater, which is anticipated by the Association during the current or succeeding two fiscal years.
- b. A statement of the status and amount of any reserve or replacement fund and that portion of the fund designated for any specified project by the Board of Directors.
- c. A copy of the statement of financial condition for the Association for the last fiscal year including a statement of revenues and expenses and the most recent balance sheet.
- d. A statement of the status of any pending suits or judgments to which the Association is a party.
- e. A statement of the insurance coverage provided by the Association and an indication that said coverage is current.
- f. A statement of any unpaid assessments levied by the Association on individual Units, identifying the Unit number and the amount of the unpaid assessments.

5. Quorum. A quorum at meetings of the members shall consist of voting members of the Association present, in person or by proxy, representing at least 51% of the total votes in the Association. No action may be taken at the meeting if a quorum is not present. If any meeting cannot be organized because a quorum has not attended, the meeting shall be adjourned from time to time until a quorum is present. If a quorum is present at any meeting, any question brought before the meeting shall be decided by a majority of the voting power present in person or by proxy, unless the question is one on which express provisions of applicable law, the Declaration, or these Bylaws require a greater vote.

6. Voting Power. The voting power of the members of the Association shall be on a unit basis, with each Unit being entitled to one vote. When more than one person is the owner of a Unit, the vote for such unit shall be cast as they amongst themselves shall determine. When more than one person is the owner of a Unit and said owners cannot agree on how the vote for that particular Unit shall be cast, the dispute shall be resolved in the following manner: If there are an odd number of owners of the Unit, a majority vote of the owners of that Unit shall determine how the vote should be cast. If there are an even number of owners of the Unit, each owner shall appoint a non-Unit owner who together shall decide on how the vote shall be cast. If the non-Unit owners cannot agree on how the vote shall be cast, that Unit shall not be entitled to a vote on the particular question for which the disagreement arises.

In the event the Association owns a Unit, it shall not be entitled to the vote allocated to such Unit during the period when it is the owner thereof.

7. Proxies. Votes may be cast in person or by proxy. A proxy must be in writing, be signed by all of the owners of the Unit the vote of which is subject to the proxy, and filed with the Secretary of the Association before the appointed time of the meeting, and shall be valid until revoked in writing by one of the owners of such Unit. In order to be valid, a proxy must be given only to another member of the Association or to a lien holder of a Unit.

8. Action by Members Without a Meeting. Any action required by law to be taken at a meeting of the members, or any action that may be taken at a meeting of the members, may be taken without a meeting if authorization is in writing, setting forth the action so taken, shall be signed by all of the members.

9. Cumulative Voting. There shall be no cumulative voting.

10. Statement of Members Entitled to Vote. At the beginning of each meeting, the Secretary of the Association shall render and certify a statement showing a list of the voting members at such meeting, the percentage voting power of each, and the name of the person entitled to cast each such member's vote by virtue of a certificate or proxy then in effect.

11. Order of Business. The order of business at all meetings of the owners of the Units shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officer.
- (e) Report of Federal Housing Administration Representative, if any.
- (f) Report of committees.
- (g) Election of inspectors of election.
- (h) Election of directors.
- (i) Unfinished business.
- (j) New business.
- (k) Adjournment.

ARTICLE V.

BOARD OF DIRECTORS

1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons, all of whom must be owners of a Unit or an officer or employee of Declarant.

2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law to be done by the owners.

3. The First Board. The first Board of Directors shall consist of the three (3) persons whose names are set forth in Article IX of the Articles, and successors to any thereof appointed or elected by Declarant.

4. Election and Term of Office. At the first annual meeting of the Association the term of office of one Director shall be fixed for three (3) years, the term of another Director shall be fixed for two (2) years and the term of office for the other Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, the successors shall be elected to serve a term of three (3) years. At such time as additional Directors are added, the terms of said Directors shall be staggered so that their term is not less than one (1) year nor more than three (3) years.

5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

6. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

7. Organizational Meeting. The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of its election, at such time and place as shall be fixed by such Directors at the annual meeting at which they were elected, and no further notice of such organization meeting shall be necessary, providing a quorum shall be present.

8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, at least five (5) days prior to the day designated for such meeting, unless such notice is waived.

9. Special Meetings. Special meetings of the Board of Directors may be called by the President of the Association on three (3) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of meeting. Special meetings of the Board of Directors shall be called by the President or Secretary of the Association in like manner and on like notice on the written request to said officer of at least one (1) Director.

10. Waiver of Notice. Any Director may waive, in writing, notice of a meeting, either regular or special, before or after such meeting, and such waiver shall be deemed

equivalent to the giving of notice.

11. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If, at any meeting of the Board of Directors there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

12. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium of such bonds shall be paid by the Association.

13. Compensation of Directors. Directors shall receive no compensation for their services, but may be paid for out-of-pocket expenses incurred in the performance of their duties as Directors.

14. Powers and Duties of Board of Directors. The powers and duties of the Board of Directors shall be as follows:

- (a) To adopt and amend budgets and to determine, and collect assessments to pay the common expenses.
- (b) To regulate the use of, and to maintain, repair, replace, modify, improve and operate, the common area.
- (c) To adopt and amend rules and regulations and to establish reasonable penalties for infraction thereof.
- (d) To enforce the provisions of the Declaration, the Articles, these Bylaws, and all rules and regulations of the Association by all legal means, including injunction and recovery of monetary penalties.
- (e) To hire and terminate managing agents and other employees, agents and independent contractors.
- (f) To institute, defend, or intervene in litigation or administer of proceedings in its own name on behalf of itself or two (2) or more Unit owners on matters effecting the common area, including, without limitation, proceedings in eminent domain. Any expenses incurred in such litigation which are not recompense through the result of such litigation, or by the parties or members benefited thereby, shall be common expenses.
- (g) Regulate the use, maintenance, repair, replacement and modification of the common area.
- (h) Cause improvements to be made as part of the common area.
- (i) To grant leases, licenses and concessions not to exceed one (1) year and

utility easements through or over the common area; provided, however, that after conveyance to owners other than the Declarant or affiliate of a Declarant of Units on which more than fifty percent (50%) of the voting power is allocated, the Association may by resolution of a meeting of the members duly called grant leases, licenses and concessions in excess of one (1) year and easements through or over the common area.

- (j) Impose and receive any payments, fees, or charges for the use, rental or operation of the common area.
- (k) To impose reasonable charges including reasonable costs and attorney's fees for the evaluation, preparation and recordation of amendments to the Declaration, resale certificates or statements of unpaid assessments.
- (l) To provide for the indemnification of its officers and Board of Directors and maintain Directors and Officers liability insurance.
- (m) To impose charges for the late payment of assessments and after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws and rules and regulations of the Association.
- (n) To borrow money for the maintenance, repair, replacement, modification or improvement of the common area and to pledge and pay assessments, and any and all other revenue and income, for such purpose.
- (o) To acquire Units by gift, purchase or any other means, and for any other reason, including without limitation, to purchase Units in foreclosure of an assessment lien, and to sell, lease, mortgage and otherwise deal in Units from time to time owned by the Association.
- (p) To purchase, lease, maintain and dispose of such equipment and fixtures as the Board of Directors from time to time shall determine to be necessary or desirable.
- (q) To exercise any other powers conferred by state law, the Articles, the Declaration or these Bylaws.

ARTICLE VI.

OFFICERS

1. Designation of Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint an assistant secretary, and such other officers as in their judgment may be necessary. These officers shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors. A person may hold one or more offices at one time and may also be a member of the Board of Directors, except that the President shall not at the same time hold another office in the Association.

2. Term. Each officer shall serve until his successor has been duly elected and has qualified.

3. Removal. Any officer may be removed, with or without cause, and without notice, by the Board of Directors.

4. Vacancy. Any vacancy in an office of the Association shall be filled by the Board of Directors, and an officer elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.

5. Powers and Duties of Officers.

- (a) **President.** The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of President of an Association, including but not limited to the power to appoint committees from among the owners from time to time as in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.
- (b) **Vice President.** The Vice President shall take the place of the President and perform his duties whenever the President shall be unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board of Directors.
- (c) **Secretary.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he/she shall have charge of such books and papers as the Board of Directors may direct; and he/she shall, in general, perform all the duties incident to the office of Secretary.
- (d) **Treasurer.** The Treasurer shall have the 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 be responsible for the deposit of all moneys and other 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.

6. Execution of Agreements and Contracts. All agreements, contracts, deeds, mortgages, or other instruments shall be executed by any one officer, or by such other person or persons as may be designated from time to time by the Board of Directors.

7. No Compensation for Officers. No officer shall receive compensation for services in such capacity, but may be reimbursed for out-of-pocket expenses incurred in performing required duties.

ARTICLE VII.

OBLIGATIONS OF THE OWNERS

1. Assessments. All owners are obligated to pay monthly assessments imposed by the Association to meet all common expenses which may include a liability insurance policy premium and an insurance premium or policy to cover repair and reconstruction work in case of any casualty. Once the Declarant has sold the first Unit to a owner, the Declarant shall be deemed to be a owner for assessment purposes as provided in the Declaration.

2. Maintenance and Repair.

- (a) Every owner must perform properly all maintenance and repair work within the owner's Unit which, if omitted, would affect the property in its entirety or in a part belonging to other owners, being expressly responsible for damages and liabilities as the owner's failure to do so may engender.
- (b) All the repairs of internal installations of each Unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps, and all other accessories belonging to the Unit area shall be at the owner's expense.
- (c) An owner shall reimburse the Association for any expenditures it incurred in repairing or replacing any portion of the common area damaged through the owner's fault.

ARTICLE VIII.

BUDGET AND LEVY

1. Budget. The Board of Directors shall from time to time, and at least annually, prepare a budget of Common Expenses for the Association and allocate, assess and levy such Common Expenses among the owners equally.

2. Levy. The levy should be deemed to occur upon the vote adopting the resolution which sets forth the Common Expenses and the allocation to the owners. The Common Expenses shall include those Common Expenses set forth in the Declaration. The Board of Directors shall fix the amount of the annual assessment against each Unit prior to November 1st preceding the year for which the assessment is made, and shall advise all members in writing

prior to December 1st of the amount of the assessment payable by each of them, and shall, upon request by the member, furnish copies of each budget on which such Common Expenses and assessments are based to such member and to the member's first mortgagee.

3. Assessments. Such assessments shall be due in monthly installments in advance on the first day of each month of the period or year for which the assessments are made. In the event an annual assessment proves to be insufficient the budget and assessments, therefore, may be amended at any time by the Board of Directors. Any mortgagee acquiring a first mortgage interest from any owner of a Unit may, as a condition of the loan, include in the mortgage loan deed a requirement that the mortgagor, upon execution of the mortgage deed, make a monthly deposit with the mortgagee of an amount each month sufficient to pay when due and payable all common expenses. The mortgage note or deed may further provide that a default in making such deposits shall be a default under the terms of the mortgage. The mortgagee may remit installments quarterly instead of monthly to the Association.

4. Records. The Board of Directors shall cause to be kept at the registered office of the Association or at such other place as is agreed upon from time to time, 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 owners and mortgagees and detailed and accurate records, in chronological order, of the receipts and expenditures affecting the common area. Such records of receipts and expenditures and vouchers authorizing payments shall be available for examination by the owners or mortgagees at convenient hours of the week days. Separate accounts of each Unit, containing the amount of the assessments against said Unit, the date due, the amount paid thereon and the balance remaining unpaid, shall be kept.

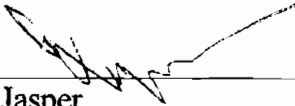
ARTICLE IX.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

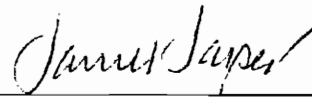
The Association shall indemnify every director and officer, his heirs, executors and administrators, against all loss, cost and expense, including attorney's fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suits or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his 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; provided, however, that nothing in this Article shall be deemed to obligate the Association to indemnify any owner who is or has been a director or officer of the Association, with the respect to any duties or obligations assumed or damaged or liability

incurred by him solely in his capacity as an owner.

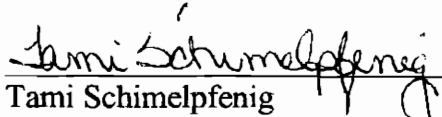
Adopted this 22 day of November, 1999, by the Board of Directors of Wynstone Townhomes Association.



Jay Jasper



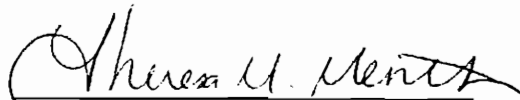
James Jasper



Tami Schimelpfenig

STATE OF MINNESOTA)
) ss.
COUNTY OF CARVER)

The foregoing instrument was acknowledged before me this 22 day of November, 1999, by Jay Jasper, James Jasper and Tami Schimelpfenig, known to me to be the members of the Board of Directors of Wynstone Townhomes Association.



Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Melchert Hubert Sjodin, PLLP
121 West Main Street
Waconia, MN 55387 (rlh)
(612) 442-5155

Larry/jasper/wynstone/bylaws
First draft 4/21/99

