

LEGACY LOFTS ASSOCIATION

BYLAWS

SECTION 1

GENERAL

The following are the Bylaws of Legacy Lofts Association, a Minnesota nonprofit corporation (the "Association"). The Association is organized pursuant to Minnesota Statutes Chapter 317A, and Section 515B.3-101 of the Minnesota Common Interest Ownership Act (the "Act"), for the purpose of operating and managing Legacy Lofts, a condominium created pursuant to the Act. The terms used in these Bylaws shall have the same meaning as they have in the Declaration of Legacy Lofts (the "Declaration") and the Act.

SECTION 2

MEMBERSHIP

2.1 Owners Defined. All Persons described as Owners in Section 4 of the Declaration shall be members of the Association. 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 Unit address of the Owner; (ii) the names of any Occupants of the Owner's Unit; (iii) the nature of such Owner's interest or estate in each Unit owned; (iv) the address at which the Owner desires to receive notice of any meeting of the Owners, if other than the Unit address; (v) the name of the Owner entitled to cast the vote allocated to the Owner's Unit; and (vi) the name and address of the secured party holding the first mortgage on the Unit, if any. 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, as defined below, 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, or the holder of the owner's proxy, 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 individual 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, (iii) the time at which the granting Owner is no longer an Owner, or (iv) three years after the date of the proxy.

3.4 Voting by Written Ballot. The entire vote on any issue, except the election or removal of directors, may be determined by a vote taken by written ballots, 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, (iii) state the percentage of approvals necessary to approve each matter other than election of directors and (iv) specify the time by which a ballot must be received by the Association in order to be counted.
- b. The ballot shall: (i) set forth each proposed action and (ii) provide an opportunity to vote for or against each proposed action.
- c. The Board shall set the time for the return of ballots, which shall not be less than fifteen nor more than forty-five days after the date of mailing of the ballots to the Owners. The Board shall provide notice of the results of the vote to the Owners within fifteen days after the expiration of the voting period.
- d. 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.
- e. A vote by written ballot shall not be used in conjunction with a vote taken at a meeting.

3.5 Vote Required. A majority of the votes cast at any properly constituted meeting of the Owners, or cast by mail 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 or the Act. The term "majority" as used herein shall mean in excess of fifty percent of the votes cast at a meeting, in person or by proxy, or voting by mail, in accordance with 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.

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 discussion or 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 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 special 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 Notice of Meetings. Not less than twenty-one nor more than thirty days in advance of any annual meeting of the Owners, and not less than seven nor more than thirty days in advance of any special meeting of the Owners, the Secretary shall send notice of the time, place and agenda of the meeting to all persons who are Owners as of the date of sending the notice. The notice shall be sent by United States mail, or by hand delivery, 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 an Eligible Mortgagee, 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. Notice of meetings to vote upon amendments to the Association's Articles of Incorporation shall also be given separately to each officer and director of the Association.

4.5 Quorum/Adjournment. The presence of Owners in person or by proxy, who have the authority to cast in excess of thirty (30) percent of all the votes in the Association shall 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. The Association may not be counted in determining a quorum as to any Unit owned by the Association. Any meeting may be adjourned from time to

time, but until no longer than fifteen 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. If a quorum has been established at a meeting or a reconvened meeting, the quorum shall continue to exist for the meeting in question notwithstanding the departure of any Owner originally in attendance in person or by proxy.

4.6 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.

4.7 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 two percent of the Association's current budget or fifteen thousand dollars, whichever is greater, approved by the Association for the current year or succeeding two fiscal years.

5.2 Reserve Funds. A statement of the Association's total replacement reserves, the components of the common interest community for which the reserves are set aside, and the amounts of the reserves, if any, that the Board has allocated for the replacement of each of those components.

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, including a statement as to which, if any, of the items referred to in Section 515B.3-113(b) of the Act are covered.

5.6 Status of Assessments. A statement of the total past due assessments on all Units, current as of not more than sixty 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 shall consist of the persons appointed by Declarant as directors or appointed by Declarant to replace them, subject to the rights of Owners to elect directors as set forth in Section 6.2. Upon the expiration of the terms of the members of the first Board, the Board shall be composed of seven directors.

6.2 Term of Office. The terms of office of the members of the Board, and the conditions governing their election, shall be as follows:

- a. The Owners other than Declarant shall have the right to nominate and elect not less than three of the directors at a meeting of the Owners held within sixty days following the conveyance by Declarant of fifty percent of the total number of Units authorized to be included in the common interest community. The term of office of any director elected pursuant to this Subsection shall terminate at the same time as the directors appointed by Declarant.
- b. The terms of all directors appointed by Declarant as authorized by the Declaration, or elected by the Owners pursuant to Section 6.2(a) shall terminate upon the earliest of (i) voluntary surrender of control by Declarant, (ii) an Association meeting which shall be held within sixty days after conveyance to Owners other than Declarant of seventy-five percent of the total number of Units authorized to be included in the common interest community or (iii) the date three years following the date of the first conveyance of a Unit to an Owner other than Declarant.
- c. The terms of office of the directors elected by the Owners immediately following the termination of the terms provided for in Section 6.2.b. shall be one year for four of the directors and two years for three of the directors.

Each term of office thereafter for all seven of the directors shall be two years and shall expire upon the election of a successor director at the appropriate annual meeting of the Owners; provided, that a director shall continue in office until a successor is elected. A number of nominees equal to the number of vacancies shall be elected, notwithstanding that one or more of them do not receive a majority of the votes cast. A director appointed or elected to fill an uncompleted term shall serve until the natural termination of that term, unless removed in accordance with these Bylaws. There is no cumulative voting for directors.

6.3 Nominations. Upon the expiration of the terms of the members of the first Board, nominations for election to the Board at each subsequent annual meeting may be made by the Board, unless the Board elects to appoint a nominating committee, or by any Owner. A nomination shall be made only with the consent of the nominee, and the nominee shall be qualified in accordance with Section 6.1.

6.4 Powers. The Board shall have all powers necessary for the administration of the affairs of the Association, and may 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. Unless otherwise required or pre-empted 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, balconies, patios, and signs and other displays which can readily be seen from outside the Units; (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 for Common Expenses (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 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. Any litigation, administrative proceeding or other legal action instituted or intervened in by or in the name of the Association involving a construction defect claim as defined by Section 515B.1-103(11a) of MCIOA requires compliance with Sections 515B.3-102(d) and (e), and 515B.4-116(c) of MCIOA prior to commencement;
- 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, subject to the requirements of the Act for the conveyance or encumbrance of the Common Elements;
- i. grant easements, leases and licenses through, over and under the Common Elements, for public roadways, access and utilities, and for public and private cable, internet

and other electronic communications systems, and grant other public or private easements, leases and licenses through, over or under the Common Elements subject to approval by a 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 and 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, ten percent of the Association's current annual budget, shall require approval by the Owners voting at an Association meeting;
- m. impose reasonable charges for the review, preparation and recording of amendments to the Declaration or Bylaws, resale disclosure certificates required by Section 515B.4-107 of the Act, 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;
- 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 the annual meeting of the Board, the officers of the Association shall be elected.

- a. Regular meetings of the Board shall be held at least on a quarterly basis, at such times as may be fixed from time to time by a majority of the voting 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, as provided in Section 6.5.e.
- b. Special meetings of the Board shall be held when called (i) by the President of the Association, or (ii) by the Secretary within ten days following the written request of a majority of the voting directors. Notice of any special meeting shall be given to each director not less than three 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, or when personally delivered, orally or in writing, by a representative of the Board.

- 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 may simultaneously hear each other during the conference is a Board meeting, if (i) the same notice is given of 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, 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 Declaration, the Association's Articles of Incorporation, the Bylaws, announced at a previous meeting of the Board, distributed to Members in writing, 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:
 - (1) personnel matters;
 - (2) 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 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.

The minutes of and the documentation discussed or submitted at such closed meeting 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 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 Board meeting. A quorum, once established, continues to exist,

regardless of the subsequent departure of any director. Each director has one 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 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.

6.8 Vacancies. A vacancy in the directors, other than those under Sections 6.1, 6.2 and 6.9, shall be filled by a person elected within thirty 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.

6.9 Removal. Except for directors appointed by Declarant, a director may be removed from the Board, with or without cause, by a majority vote of the Owners at any annual or special meeting; 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 is given an opportunity 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 (i) if such director has more than two unexcused absences from Board meetings during any twelve month period or (ii) if the Assessments or installments thereof levied against the director's Unit are more than sixty days past due.

6.10 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, the directors of the Association shall receive no compensation for their services in such capacity. A director may be reimbursed for out-of-pocket expenses incurred in the performance of the director's 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.

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

SECTION 7

OFFICERS

7.1 Principal 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 directors. The Board may from time to time elect such other officers and designate their duties as in the Board's 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.

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 of the President 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 or the Act 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 of the Association shall receive no compensation for their services in such capacity. 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(s) 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 Common Expense Assessment, in which case Declarant shall pay all expenses of the common interest community until the first Assessment is levied. Following the expiration of the terms of the members of the Board appointed by the Declarant, 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. Common expense obligations are allocated among both the Residential Units and Parking Units. A portion of the annual Budget, including electricity, gas, repairs and maintenance, management, insurance and reserves shall be pro-rated between the Residential Units and the Parking Units on an 85/15 split respectively and 100% of the cost of garage cleaning shall be charged solely to the Parking Units (“Residential Dues” and “Parking Dues” respectively). The Parking Dues shall be allocated evenly among the Parking Units. The Residential Dues shall be allocated among the Residential Units in proportion to the approximate square footage of each Residential Unit as it relates to the approximate square footage of all Residential Units, subject to allocations of limited assessments described in Section 6.4 of the Declaration.
- b. Subject to 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 days prior to the beginning of the Association's fiscal year in which the first Assessment installment is 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.
- c. Subject to 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.
- d. The Board may levy limited Assessments against only certain Units under Section 6.4 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 limitation contained in Section 6 of the Declaration.
- e. The annual budget shall include an adequate replacement reserve fund for maintenance, repair and replacement of the Common Elements and any components of the Condominium that must be maintained, repaired or replaced by the Association on a periodic basis.

- f. The Association shall furnish a copy of the 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. Annual Assessments shall be due and payable in monthly installments, in advance on the first day of each month. Special Assessments and limited Assessments shall be due when designated by the Board. Except as expressly provided in the Declaration, an Owner shall be absolutely and unconditionally obligated to pay the Assessments levied against the Owner's Unit. No Owner or Occupant shall have any right of withholding, offset or deduction against the Association with respect to any Assessments, or late charges or costs of collection, 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 such Owner shall be obligated to pay, a late charge, and interest on the unpaid balance, as provided in the Declaration for each such unpaid Assessment or installment thereof, together with all expenses, including but not limited to reasonable attorneys' fees, incurred by the Board in collecting any such unpaid Assessment.

- a. If there is a default of more than thirty days in payment of any Assessment, the Board may accelerate any remaining installments of the Assessment upon prior written notice thereof to the Owner, as provided in the Declaration, 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, including late charges, costs of collection and fines, are paid prior to said date.
- b. The Board shall use its best efforts to recover all Assessments for Common Expenses, together with any charges, attorneys' fees 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 delinquent amounts owed to the Association by an Owner or Occupant.
- c. Upon written request of an Owner or an Eligible Mortgagee of such Unit, notice of a default of more than thirty days in payment of any Assessment or installment of an Assessment for Common Expenses or any other default in the performance of obligations by the Owner shall be given in writing to such Owner or Eligible Mortgagee.
- d. The rights and remedies referred to in this Section shall not limit the remedies available to the Association under the Declaration or by law.
- e. The Association may require all tenants and non-occupant owners to sign a collateral assignment of rent to enable the Association to collect delinquent assessments directly from tenants of Owners who are delinquent.

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 and the Act.

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 or confidential information, all Association records, including receipts and expenditures and any vouchers authorizing payments, shall be available for examination by Owners and Eligible Mortgagees for a proper purpose, 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 Financial Review. The Board shall cause the financial records of the Association to be "reviewed" by an independent certified public accountant on an annual basis, pursuant to the requirements of Section 515B.3-121 of the Act. The review requirement may be waived, on an annual basis, by the vote of Owners holding at least thirty percent of the total votes in the Association; however, the Board may require an audit notwithstanding a waiver vote. A waiver must be approved prior to sixty days after the end of the Association's fiscal year. A copy of the Association's financial statements shall be delivered to all Members within one hundred eighty days after the end Association's fiscal year.

8.7 Enforcement of Obligations. All Owners and Occupants and their guests are obligated and bound to observe the provisions of the Governing Documents, the Rules and Regulations and the Act. The Association may impose any or all of the charges, sanctions and remedies authorized by the Governing Documents, the 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 (i) by Owners who have authority to cast a majority of the total votes in the Association, in writing or at a duly held meeting of the Owners; (ii) by the Board; and (iii) by the Declarant or a specified percentage of Eligible Mortgagees if required by 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 mailed by U.S. mail, or hand delivered, to all Owners authorized to cast votes.

9.3 Effective Date; Recording. The amendment shall be effective on the date of approval by the required vote of the Owners, and need not be recorded.

SECTION 10

INDEMNIFICATION

The Association shall, to the extent the alleged liability is not covered by insurance, indemnify each 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 Act, 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; 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 Act, the Declaration, these Bylaws or the Rules and Regulations, the Act shall control unless it permits the documents to control. As among the Declaration, these Bylaws and the Rules and Regulations, the Declaration shall control, and as between these Bylaws and the Rules and Regulations, these Bylaws 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 Legacy Lofts Association, a Minnesota nonprofit corporation, effective as of the date hereof.

Dated: _____

Secretary
Legacy Lofts Association