

**BYLAWS**

**TAPESTRY AT CHARLOTTE'S GROVE**

# TAPESTRY COMMUNITY ASSOCIATION

## BYLAWS

### SECTION 1

#### GENERAL

The following are the Bylaws of Tapestry Community Association, a Minnesota nonprofit corporation (the "Association"). The Association is organized pursuant to Minnesota Statutes Chapter 317A (the "Act"), for the purpose of operating and managing Tapestry at Charlotte's Grove, a residential community located in Lake Elmo, Minnesota. The terms used in these Bylaws shall have the same meaning as they have in the Declaration of Covenants, Easements and Restrictions of Tapestry at Charlotte's Grove (the "Declaration").

### 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 virtue of holding a security interest in a Lot. A Person shall cease to be a Member at such time as that Person is no longer an Owner.

2.2 Registration of Owners and Occupants. An Owner shall register with the Secretary of the Association, in writing, (i) the name and address of the Owners and any Occupants of the Lot, (ii) the nature of such Owner's interest or estate in each Lot owned; and (iii) the address at which the Owner desires to receive notice of any meeting of the Owners, if other than the Lot address. The 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 Lot or as otherwise specifically authorized by the Governing Documents or by law.

### SECTION 3

#### VOTING

3.1 Entitlement. Votes shall be allocated to each Lot as provided in the Declaration.

3.2 Authority to Cast Vote. At any meeting of the Owners, the Owner, or the holder of such Owner's proxy, shall be entitled to cast the vote which is allocated to the Lot owned by the Owner. If there is more than one Owner of a Lot, only one of the Owners may cast the vote. If the Owners of a Lot 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 Lot and be counted as present at any meeting of the Owners by executing a written proxy naming another Person entitled to act on that Owner's behalf, and delivering the same to the Secretary before the commencement of such meeting.

3.4 Voting by Written Ballot. The entire vote on any issue, except the election or removal of directors, may be determined 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 of Directors shall set the time for the return of ballots, which shall not be less than fifteen days nor more than thirty days after the date of delivery of the ballots to the Owners, unless otherwise indicated in the Declaration. The Board shall provide notice of the results of the vote to the Owners within ten 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 approvals 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.

3.5 Vote Required. A majority of the votes cast at any properly constituted meeting of the Owners, or cast in accordance with Section 3.4, shall decide all matters properly brought before the Owners, except where a different vote is specifically 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 ballot, 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 (i) a majority of the members of the Board of Directors or (ii) Owners entitled to cast at least fifty percent of all the votes in the Association, unless otherwise required by law. The meeting shall be held within ninety 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 to each Person who is an Owner as of the date of sending the notice, notice of the time, place and agenda of the meeting, by United States mail, or by hand delivery, at the Owner's Lot address or to such other address as the Owner may have designated in writing to the Secretary. The notice of meeting shall also be given to the Preservation Authorities, who may send representatives to attend the meetings and participate in discussions which relate to the Preservation Areas or Preservation Documents. 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 forty percent of all the votes in the Association shall be necessary to constitute a quorum at all meetings of the Owners for the transaction of any business, except that of adjourning the meeting to reconvene at a subsequent time. Any meeting may be adjourned from time to time, but until no longer than thirty days later, without notice other than announcement at the meeting as initially called. If a quorum is present at the reconvened meeting, any business may be transacted which might have been transacted at the meeting as initially called had a quorum then been present. The quorum, having once been established at a meeting or a reconvened meeting, shall continue to exist for that meeting notwithstanding the departure of any Owner previously in attendance in person or by proxy. The Association may not be counted in determining a quorum as to any Lot owned by the Association.

## SECTION 5

### BOARD OF DIRECTORS

5.1 Number and Qualification. The affairs of the Association shall be governed by a Board. The first Board shall consist of the persons designated by the incorporator of the Association. Upon the expiration of the terms of the members of the first Board, the Board shall be composed of five directors, each of whom shall be an Owner, or a duly authorized representative of the Owner if the Owner is a legal entity rather than a natural person. The

number of directors may subsequently be changed by a vote of the Owners for a future year or years, but shall not be less than five. No two directors may be Owners of the same Lot.

5.2 Term of Office. The terms of office of the members of the Board shall be as follows:

- a. The terms of all directors designated by the incorporator of the Association 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 authorized builders) of all of the Lots or (iii) the date five years following the date of the first conveyance of a Lot to an Owner (other than an authorized builder).
- b. The terms of office of the directors elected by the Owners following the termination of the terms of the directors comprising the first Board shall be one year for two of the directors and two years for three of the directors. Each term of office thereafter shall be two years and shall expire upon the election of a successor at the appropriate annual meeting of the Owners; provided, that a director shall continue in office until a successor is elected. 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.

5.3 Nominations. Nominations for election to the Board may be made by the Board, a committee appointed by the Board or any Owner.

5.4 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. Except for those powers reserved to the A.C.C. in the Declaration, the powers of the Board shall include, without limitation, the power to:

- a. adopt, amend and revoke Rules not inconsistent with the Governing Documents, for the purpose of implementing the covenants, conditions and restrictions contained in the Declaration;
- b. adopt and amend budgets for revenues and expenditures, levy and collect assessments for Common Expenses (subject to Section 6 of the Declaration);
- c. hire and discharge agents and independent contractors, including but not limited to the authority to hire a single refuse hauling contractor to serve the entire property;
- d. institute, defend, or intervene in litigation or administrative proceedings on behalf of the Association;
- e. make contracts and incur liabilities;
- f. make improvements to the Common Property;

- g. grant easements over the Common Property;
- h. provide for reasonable procedures governing the conduct of meetings and the election of directors;
- i. appoint, regulate and dissolve committees, except that the A.C.C. shall be governed by Section 8 of the Declaration; and
- j. exercise any other powers conferred by law or the Governing Documents, or which are necessary and proper for the governance of the Association.

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

- a. Other 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 request of a majority of the directors. Notice of any special meeting shall be given to each director not less than three days in advance thereof, subject to Section 5.5.c. Notice to a director shall be deemed to be given when deposited in the United States mail postage prepaid to the Lot address of such director, or when personally delivered, orally or in writing, by a representative of the Board.
- b. 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.
- c. 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.

5.6 Quorum and Voting. A majority of the directors constitutes a quorum for the transaction of business at any meeting thereof. A quorum, once established, continues to exist, regardless of the subsequent departure of any directors. 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 for Board meetings are not permitted.

5.7 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 at least twenty-four hours prior to its signing.

5.8 Vacancies. A vacancy in the directors, other than a vacancy under Section 5.2 or 5.9, 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.

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

5.10 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. Directors may be reimbursed for out-of-pocket expenses incurred in the performance of their duties. A director or an entity in which the director has an interest may, upon approval by the Board, be reasonably compensated under a contract for goods and services furnished to the Association in a capacity other than as a director; provided (i) that the contract is approved by a majority vote of the Board, excluding the interested director, and (ii) that the director's interest is disclosed to the Board prior to approval.

5.11 Standard of Responsibility. A director shall discharge his or her duties in good faith, in a manner the director reasonably believes to be in the best interest of the Association, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

## SECTION 6

### OFFICERS

6.1 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 Board. The Board may, from time to time, elect such other officers and designate their duties as in their judgment may be necessary to manage the affairs of the Association. A person may hold more than one office simultaneously, except those of President or Vice President. Only the President and Vice President must be members of the Board.

6.2 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.

6.3 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.

6.4 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.

6.5 Vice President. The Vice President shall take the place of the President and perform the duties of the office of 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.

6.6 Secretary. The Secretary shall be 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.

6.7 Treasurer. The Treasurer shall have responsibility for all financial assets of the Association. The Treasurer shall (i) be responsible for keeping the Association's financial books, assessment rolls and accounts; (ii) cause an annual summary financial report to be prepared; (iii) submit the books of the Association 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.

6.8 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.

6.9 Standards of Conduct. The directors shall discharge the duties of the position of director in good faith, in a manner the director reasonably believes to be in the best interests of the Association, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A director who so performs those duties is not liable by reason of being or having been a director of the Association.

## SECTION 7

### OPERATION OF THE PROPERTY

7.1 Assessment Procedures. The Board shall annually prepare a budget of Common Expenses for the Association and assess such Common Expenses against the Lots according to their respective Common Expense obligations as set forth in the Declaration.

- a. Subject to Section 6 of the Declaration, the Board shall fix the amount of the annual Assessment against each Lot, 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 when the first Assessment installment shall be due. The failure of the Board to timely levy an annual Assessment shall not relieve the Owners of their obligation to continue paying Assessment installments in the amount currently levied, as well as any increases subsequently levied.
- b. To support the administration of the Preservation Documents and the preservation of the Preservation Areas, the annual Assessment against each Lot shall include a fee of \$35 to be aggregated and paid annually by the Association to the Minnesota Land Trust or to other designated Preservation Authorities. The Association shall include with the delivery of the annual payment a current list of Owners and their mailing addresses.
- 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 Association shall furnish copies of each budget on which the assessment is based to an Owner upon request of the Owner.

**7.2 Payment of Assessments.** Annual Assessments shall be due and payable in quarterly or annual installments, as established by the Board, in advance on the first day of each quarter or year, as applicable. Special Assessments shall be due when designated by the Board. All Owners shall be absolutely and unconditionally obligated to pay the Assessments. 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.

**7.3 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 as provided in the Declaration for each such unpaid Assessment or installment thereof, together with all expenses, including 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 collect 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 unpaid Assessments.

- c. Upon written request of an Owner, 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.
- 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.

7.4 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 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 for a proper purpose, upon reasonable notice and during normal business hours. Separate accounts shall be maintained for each Lot setting forth the amount of the Assessments against the Lot, the date when due, the amount paid thereon and the balance remaining unpaid.

7.5 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 8

### AMENDMENTS

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

8.1 Approval. The amendment must be approved by (i) Owners who have authority to cast in excess of fifty percent of the total votes in the Association, in writing, at a duly held meeting of the Owners, or by written ballot; (ii) the Developer, so long as Developer owns a Lot; and (iii) the Preservation Authorities as to any matters affecting those parts of the Preservation Areas over which they have jurisdiction.

8.2 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; and

8.3 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 9

### INDEMNIFICATION

The Association shall, to the extent such liability is not covered by insurance, indemnify every individual acting in any official capacity on behalf of the Association, pursuant to the provisions of Minnesota Statutes Section 317A.521.

## SECTION 10

### MISCELLANEOUS

10.1 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 mailing if properly addressed with postage prepaid and deposited in the U.S. mail; except that registrations pursuant to Section 2.2 shall be effective upon receipt by the Association.

10.2 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.

10.3 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.

10.4 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.

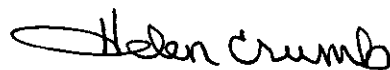
10.5 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

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

10.7 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 Tapestry Community Association, a Minnesota nonprofit corporation, effective as of the date hereof.

Dated: June 24, 2005



Secretary  
Tapestry Community Association