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BYLAWS
OF
VALLEY POND TOWNHOME ASSOCIATION

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ARTICLE I.

NAME, LOCATION OF OFFICES AND SEAL

SECTION 1. NAME. The name of this corporation shall be VALLEY POND TOWNHOME ASSOCIATION.

SECTION 2. OFFICES. The registered office of this Association shall be in the City of Northfield, County of Rice, State of Minnesota. The Association may also have offices at such other places as the Board of Directors may from time to time appoint or the purposes of the Association may require.

SECTION 3. CORPORATE SEAL. There shall be no corporate seal.

ARTICLE II.

DEFINITIONS

SECTION 1. "Association" shall mean and refer to Valley Pond Townhome Association, a Minnesota non-profit corporation, its successors and assigns.

SECTION 2. "Property" shall mean and refer to that certain real property located in the City of Northfield, County of Rice, State of Minnesota, more particularly described as follows:

Lots 1, 2, 3 and 4, Block Three and Lots 1 through 12, Block Four, all in Hidden Valley Addition No. 1, Northfield, Minnesota; and also those parts of the Southwest Quarter of the Northwest Quarter of Section 12, Township 111 North, Range 20 West of the Fifth Principal Meridian, in the City of Northfield, Rice County, Minnesota, described as follows: Beginning at the Northeast corner of Outlot "B" in Hidden Valley Addition No. 1, Northfield, Minnesota; thence South 0°19'09" West, assumed bearing, along the East line of said Outlot "B", 230.00 feet; thence South 89°01'49" East, along the line of Outlot "B" and its easterly prolongation, 170.00 feet; thence North 0°19'09" East, 230.00 feet; thence North 89°01'49" West, 170.00 feet to said point of beginning; and also beginning at the Southeast corner of Block Four in said Hidden Valley Addition No. 1; thence South

89°01'49" East, assumed bearing, along the South line of Outlot "B" in said Hidden Valley Addition No. 1, a distance of 30.08 feet to the Southeast corner of said Outlot "B" and the true point of beginning of the parcel to be herein described; thence North 5°15'32" East, along said Outlot "B", 150.42 feet; thence continue along said Outlot "B", South 89°01'49" East, 329.37 feet; thence North 0°19'09" East, along said Outlot "B", 339.99 feet; thence South 89°01'49" East, along said Outlot "B", 120.00 feet; thence South 0°19'09" West, 424.26 feet; thence southwesterly, along a tangential curve, concave northwesterly (curve data: radius = 65.00 feet; delta angle = 90°39'02"; chord bearing and distance = South 45°38'40" West, 92.44 feet), an arc distance of 102.84 feet; thence North 89°01'49" West, 396.58 feet to said true point of beginning.

SECTION 3. "Lot" shall mean and refer to any one of the platted lots of the Property.

SECTION 4. "Owner" shall mean and refer to every person or entity who is a record owner of a fee or undivided fee interest in any Lot. The foregoing is not intended to include persons or entities who hold a mortgage interest for the performance of an obligation, unless and until such mortgagee has acquired title pursuant to foreclosure of said mortgage and the period in which the fee owner may redeem from such foreclosure has terminated. Where any such Lot is being sold by the fee owner to a contract vendee who is entitled to possession of the Lot, the contract vendee shall be considered the Owner of the Lot, upon furnishing proof of right to possession to the Association.

SECTION 5. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in Article VI of the Articles of Incorporation of the Association.

SECTION 6. "Developer" shall mean Jasnoch Construction, Inc., a Minnesota corporation, and shall also mean such successive successors and assigns of Jasnoch Construction, Inc., as shall acquire all of the Lots owned by Jasnoch Construction, Inc., or its then existing successors or assigns, as of the date of such acquisition, including any mortgagee, or other person, who acquires such Lots by virtue of foreclosure or by any transfer of title in lieu of foreclosure, excluding, however, any person who acquires such Lots for use as his personal residence, or rental to other persons who will use such Lots as their personal residences.

SECTION 7. "First Mortgage" shall mean and refer to a mortgage which has been recorded so as to give constructive notice, and which is a first mortgage lien on the Lot described therein.

"First Mortgagee" shall mean and refer to the holder, from time to time, of a First Mortgage, as shown by the records of the office in which the first mortgage is recorded, including a purchaser at foreclosure sale upon foreclosure, of a First Mortgage through the expiration of the mortgagor's period of redemption. If there be more than one holder of a First Mortgage, they shall be considered as, and act as, one First Mortgagee for all purposes under these Bylaws and the Declaration. The term "Mortgage" shall include deed of trust.

SECTION 8. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Easements and Restrictions applicable to the Property, recorded in the County Recorder's office within and for Rice County, Minnesota.

ARTICLE III.

MEETING OF MEMBERS

SECTION 1. ANNUAL MEETINGS. The first annual meeting of the Members shall be held within one (1) month following the date on which sales of three (3) Lots to persons other than a Developer have closed, and each subsequent regular annual meeting of the members shall be held on the first Tuesday in May of each year thereafter, or at such other time as may be fixed by the Board of Directors.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Members may be called at any time by the President of the Association, or by the Board of Directors, or upon written request of the Members who are entitled to cast one-third (1/3) of all votes of the Class A membership. Special meetings shall be held solely for such purpose or purposes as are set forth in the notice or waiver of notice of such meeting.

SECTION 3. PLACE OF MEETINGS. Meetings of the Members shall be held at the principal office of the Association, or at such other place as may be designated by the Board of Directors.

SECTION 4. PROCEDURE. The order of business and all other matters of procedure at every meeting of the Members shall be determined by the presiding officer.

SECTION 5. NOTICE: WAIVER. Written notice of each meeting of Members stating the date, time and place, and in the case of a special meeting, the purpose, shall be delivered not less than ten (10) days nor more than forty-five (45) days prior to the meeting to each Member entitled to vote at such meeting, at his or her address as appears on the books of the Association, or at such other address as such member shall have designated by notice in writing to the Secretary. If mailed, such notice shall be

deemed to be delivered when deposited in the United States mail, addressed to the Member as aforesaid, with postage prepaid, except that in the event of a special meeting usual mail delivery time must be allowed with a maximum allowance of three (3) days, and the notice shall be deemed to have been delivered immediately thereafter. If telegraphed, such notice shall be deemed to be delivered at the time of sending the telegram, addressed to the Member as aforesaid, with all charges prepaid. Any notice personally delivered shall be sufficient. Notice of the time, place and purpose of any meeting of the Members may be waived in writing by any Member; such waiver may be given before or after the meeting and shall be filed with the Secretary or entered upon the records of the meeting.

SECTION 6. QUORUM. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the total votes in the Association shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. In the absence of a quorum, or when a quorum is present, a meeting may be adjourned from time to time by a vote of a majority of the votes present in person or by proxy, without notice other than by announcement at the meeting and without further notice to any absent Member. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally scheduled.

SECTION 7. VOTING. If a quorum is present, the affirmative vote of a majority of all votes cast on the question put to vote shall be the act of all Members, unless the act of a greater number is expressly required by law or by the Articles of Incorporation of the Association, the Declaration, or these Bylaws. Any Member may vote either in person or by proxy appointed by an instrument executed in writing by such Member or his duly authorized attorney-in-fact and delivered to the Secretary of the meeting. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the Member executing it shall have specified therein its duration. Every proxy shall be revocable at the pleasure of the person executing it, or his personal representatives or assigns. Upon direction of the presiding officer or upon demand of a Member, the vote upon any business before a meeting shall be by ballot, but otherwise, any such vote need not be by ballot.

SECTION 8. ACTION WITHOUT MEETING. Any action which may be taken at a meeting of the Members may be taken without a meeting if authorized by writing or writings signed by all of the Members. Such action shall be effective on the date on which the last signature is placed on such writing or writings, or such earlier effective date as is set forth therein.

ARTICLE IV.

BOARD OF DIRECTORS; SELECTION; MEETINGS

SECTION 1. MANAGEMENT OF THE AFFAIRS OF THE ASSOCIATION.

The property, affairs and business of the Association shall be managed by a Board of Directors which may exercise all such powers of the Association and do all such lawful acts and things as are not by statute or by the Articles of Incorporation of the Association, the Declaration, or these Bylaws directed or required to be exercised or done by the Members.

SECTION 2. NUMBER: TERM. The Board of Directors shall consist of not less than three (3) nor more than nine (9) directors. The number of persons constituting the whole Board of Directors shall be fixed from time to time by resolution of the board of Directors. Each director shall be elected to serve until his successor shall have been duly elected and shall have been duly qualified.

SECTION 3. REMOVAL AND VACANCIES. The entire Board of Directors or any individual director may be removed from office, with or without cause, by a majority vote of the Members. In the event of removal by the Members at a meeting, new directors shall be elected by the Members at the same meeting. If there is a vacancy among the Board of Directors by reason of death, resignation or otherwise, a successor shall be appointed by the remaining members of the Board, though less than a quorum. Each person so elected or appointed shall be a director until his or her successor is elected by the members at the next meeting or at any special meeting called for that purpose.

SECTION 4. PLACE OF MEETINGS. Meetings of the Board of Directors shall be held at the office of the Association or at such other place, within or without the State, as may be designated by the Board of Directors by appropriate resolution.

SECTION 5. NOMINATION OF DIRECTORS. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nomination may also be made from the floor at the annual meeting of Members. The nominating Committee shall consist of a Chairperson who shall be a member of the Board of Directors and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

SECTION 6. ELECTION OF DIRECTORS. Election to the Board of Directors shall be by secret written ballot at the annual meeting. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation of the Association. The persons receiving the largest number of votes shall be elected.

SECTION 7. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held monthly at such place and time as may be fixed from time to time by resolution of the Board of Directors, without notice other than such resolution.

SECTION 8. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President at any time for any purpose or purposes, and shall be called by him or her whenever requested to do so in writing by any two (2) members of the Board of Directors, after not less than three (3) days notice to each director. Business transacted shall be confined to the purpose or purposes stated in the notice.

SECTION 9. QUORUM. Except as otherwise provided by statute, the Declaration, or these Bylaws, a majority of the Board of Directors shall be necessary to constitute a quorum for the transaction of business. If, however, a quorum is not present at any duly called meeting, those present shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting until the requisite quorum shall be present. At such adjourned meeting at which the requisite quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. The directors present at a duly called or held meeting at which a quorum of directors is present may continue to transact business until adjournment notwithstanding the withdrawal of enough directors to leave less than a quorum. If any vacancies exist for any reason, the remaining directors shall constitute a quorum for the filling of such vacancies.

SECTION 10. VOTING. Each director shall be entitled to one (1) vote. The acts of a majority of the directors at a meeting at which a quorum is present shall be the acts of the Board of Directors.

SECTION 11. ACTION WITHOUT MEETING. Any action which may be taken by the Board of Directors at a meeting of the directors may be taken without a meeting if authorized by writing or writings signed by all of the directors. Such action shall be effective on the date on which the last signature is placed on such writing or writings, or such earlier date as is set forth therein.

SECTION 12. COMPENSATION. Directors and members of any committee of the Association contemplated by these Bylaws or otherwise provided for by resolution of the Board of Directors shall

not receive any compensation for services rendered as directors or members of any committee, except for reimbursement of out-of-pocket expenses incurred in the performance of their duties. Nothing herein shall be construed to preclude any director from serving the Association in any other capacity and receiving compensation therefor.

SECTION 13. EXECUTIVE COMMITTEE. The Board of Directors may, by unanimous affirmative action of the entire Board, designate two (2) or more of their number to constitute an Executive Committee, which, to the extent determined by unanimous affirmative action of the entire Board, shall have and exercise the authority of the Board in the management of the business of the Association. Any such Executive Committee shall act only in the interval between meetings of the Board, and shall be subject at all times to the control and direction of the Board.

ARTICLE V.

BOARD OF DIRECTORS: POWERS, DUTIES AND RESTRICTIONS

SECTION 1. POWERS. The Board of directors shall have power to:

- (a) adopt and publish rules and regulations governing the personal conduct of Members and their family members, tenants, guests, and invitees and the family members, guests and invitees of any such tenants and to establish penalties for the infraction thereof;
- (b) suspend the voting rights during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended for a period of not to exceed sixty (60) days for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation of the Association, or the Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) cause all officers or employees having fiscal responsibilities to be bonded as it may deem appropriate and in accordance with the Declaration.

SECTION 2. DUTIES. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and the corporate and business affairs of the Association and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by members who are entitled to cast one-third (1/3) of the Class A votes;
- (b) supervise all officers, agents and employees of the Association, and see that their duties are properly performed;
- (c) as more fully provided in the Declaration:
 - (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of the due date for the first installment thereof;
 - (2) send written notice of each assessment to every Owner subject thereto at least twenty (20) days in advance of each assessment period; and
 - (3) foreclose the lien against any property for which assessments or installments thereof are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same;
- (d) issue, or cause an appropriate officer to issue upon demand by any Owner or First Mortgagee, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability insurance for the protection of the Association and its Members and such other insurance required to be carried pursuant to the terms of the Declaration;
- (f) cause the interiors and the exteriors of the Living Units located on the Lots to be maintained as provided for in the Declaration; and

- (g) perform such other duties and obligations that are imposed upon the Board or the Association by these Bylaws, the Declaration, or the Articles of Incorporation of the Association.

ARTICLE VI.

OFFICERS AND THEIR DUTIES

SECTION 1. ELECTION. The Board of Directors, at its first meeting after the annual meeting of Members, shall elect from their number a President and Vice President, and shall also elect a Secretary and Treasurer, each officer to hold office until the first meeting of the Board of Directors following the next annual meeting of Members and until their successors are elected and qualified. The Board may from time to time appoint such other officers as it considers desirable to hold office at the pleasure of the Board.

SECTION 2. REMOVAL AND VACACIES. Any officer may be removed from his or her office by a majority vote of the whole Board of Directors, with or without cause. Such removal, however, shall be without prejudice to the contract rights of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. If there be a vacancy among the officers of the Association by reason of death, resignation, removal, or otherwise, such vacancy shall be filled for the unexpired term by the Board of Directors on such terms and on such conditions as may be determined by the Board of Directors.

SECTION 3. DUTIES OF PRESIDENT AND VICE PRESIDENT. The President shall be the chief executive and operating officer of the Association and shall preside at all meetings of the Members and of the Board of Directors. The President or the Vice President may sign the name of the Association on all certificates and contracts and other instruments which are authorized from time to time by the Board of Directors. The President, subject to the control of the Board of Directors, shall have general management of the affairs of the Association and shall perform all the duties incidental to the office. The Vice President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

SECTION 4. DUTIES OF SECRETARY. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.

SECTION 5. DUTIES OF TREASURER. Subject to the control of the Board of Directors, the Treasurer shall have the care and custody of all funds and securities of the Association, and all books and records relating thereto, and shall deposit such funds in the name of the Association in such bank or trust companies as the Board of Directors may determine, and he or she shall perform all other duties incidental to his or her office. If so, required by the Board of Directors, the Treasurer shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meetings, and deliver a copy of each to the Members.

SECTION 6. COMPENSATION. No officer shall receive any compensation from the Association for acting as such. Nothing contained herein shall be construed to preclude any officer from serving the Association in any other capacity and receiving proper compensation therefor.

ARTICLE VII.

COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee, as provided in Article VIII of the Declaration, which Committee shall have the duties and functions described in the Declaration. The Board of Directors shall also appoint a Nominating Committee, which shall have the duties and functions described in Article IV, Section 5 of these Bylaws. In addition, the Board of Directors may appoint such other committees as deemed appropriate in carrying out the purposes of the Association.

ARTICLE VIII.

FINANCIAL MATTERS

SECTION 1. DEPOSITORIES. The funds of the Association shall be deposited in such bank or trust company as may from time to time be designated by resolution of the Board of Directors.

SECTION 2. CHECKS. All checks, drafts and notes of the Association shall be signed by such officer or officers as may from time to time be designated by resolution of the Board of Directors.

SECTION 3. CONTRACTS. All formal contracts and/or agreements of the Association shall be executed on its behalf by such officer or officers as may from time to time be designated by resolution of the Board of Directors. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or agreement or to pledge its credit or render it liable for any purpose or to any amount.

SECTION 4. FISCAL YEAR. The fiscal year of the Association shall commence on January 1 and shall end on the following December 31.

ARTICLE IX.

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member and by any first Mortgagee. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member and by any First Mortgagee at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X.

AMENDMENTS

These Bylaws may be amended at a regular or special meeting by the approval of Members holding a majority of total votes in the Association except that if any of the Lots are subject to an existing FHA or VA insured mortgage, the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments as long as there is a Class B membership.

ARTICLE XI.

MISCELLANEOUS

SECTION 1. INVALIDITY. The invalidity 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.

SECTION 2. LOANS TO OFFICERS, DIRECTORS AND/OR MEMBERS. The Association shall not lend any of its assets to any officer, director or Member of the Association. If any such loan be made, the officers and directors who make such loan, or assent thereto, shall be jointly and severally liable for repayment or return thereof.

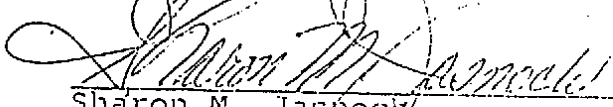
SECTION 3. INDEMNIFICATION. To the full extent permitted by law, each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, wherever brought, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Association, shall be indemnified by the Association against expenses, including, but not limited to, reasonable attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him or her in connection with such action, suit or proceeding. The foregoing indemnification shall continue as to a person who

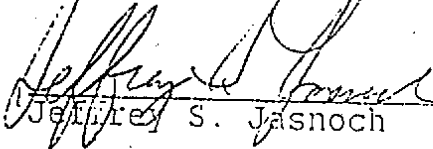
has ceased to be a director, or officer, and shall insure to the benefit of the heirs, personal representatives, successors and assigns of such person, and shall apply whether or not the claim against such person arises out of matters occurring before the adoption of this section. The foregoing indemnification shall not be exclusive of other rights to which any of the aforesaid shall be entitled as a matter of law, agreement, vote of Members or otherwise.

SECTION 4. CONFLICTS. In the case of any conflict between the Articles of Incorporation of the Association and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

The undersigned, being all of the First Board of Directors of Valley Pond Townhome Association pursuant to Minnesota Statutes, Sections 317.14 and 317.15, hereby adopt the foregoing Bylaws as and for the Bylaws of said Association.


Eugene E. Jasnoch


Sharon M. Jasnoch


Jeffrey S. Jasnoch

Dated: 10/25, 1984.

STATE OF MINNESOTA)
COUNTY OF RICE) ss.

Eugene E. Jasnoch, Sharon M. Jasnoch and Jeffrey S. Jasnoch, being duly sworn on oath, state that they are the persons who make the foregoing Bylaws. They have read the Bylaws and know the contents thereof, and they are true and correct to their own knowledge, except as to those matters therein stated on information and belief, which they believe to be true.

Eugene E. Jasnoch

Eugene E. Jasnoch

Sharon M. Jasnoch

Sharon M. Jasnoch

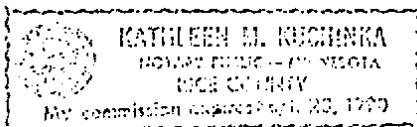
Jeffrey S. Jasnoch

Jeffrey S. Jasnoch

Subscribed and sworn to before me
this 27th day of November, 1984.

Kathleen M. Kuckinka

Notary Public



299855

COUNTY RECORDER
OFFICE OF RICE CO., MINN.

I HEREBY CERTIFY THAT THE WITHIN INSTRUMENT WAS
FILED IN THIS OFFICE FOR RECORD ON THE 28
DAY OF Nov. A. D. 19 84, AT 10:10
O'CLOCK AM, AND WAS DULY RECORDED IN
BK 87 OF MR PAGE 49-61
Ralph Brown COUNTY RECORDER
M.O. DEPUTY