

**BYLAWS
OF THE
ROCHESTER CRIMSON RIDGE ASSOCIATION
COMMON INTEREST COMMUNITY NUMBER 252
A CONDOMINIUM
OLMSTED COUNTY, MINNESOTA**

BYLAWS OF
ROCHESTER CRIMSON RIDGE ASSOCIATION

TABLE OF CONTENTS

		<u>PAGE</u>
ARTICLE I	- THE ASSOCIATION.....	1
Section 1.	The Association	1
Section 2.	Association's Registered Office	1
ARTICLE II	- MEMBERSHIP, MEETINGS OF MEMBERS and voting rights	1
Section 1.	Membership	1
Section 2.	Annual Meetings	1
Section 3.	Special Meetings	2
Section 4.	Determination of a Record Date	2
Section 5.	Preparation of Member List	2
Section 6.	Notice of Meetings	3
Section 7.	Place of Meetings	3
Section 8.	Conduct of Meetings and Quorum Requirement	3
Section 9.	Adjourned Meetings	3
Section 10.	Voting Rights	3
Section 11.	Proxies	4
Section 12.	Action of the Members	4
ARTICLE III	- BOARD OF DIRECTORS	4
Section 1.	Qualifications of Directors	4
Section 2.	Declarant's Right to Appoint Directors	4
Section 3.	Members' Election of Directors; Number of Directors	5
Section 4.	Nomination and Election Procedures	5
Section 5.	Vacancies	5
Section 6.	Removal of Directors	5
Section 7.	Organizational Meeting of Elected Directors	6
Section 8.	Regular Meetings	6
Section 9.	Special Meetings	6
Section 10.	Waiver of Notice	6
Section 11.	Open Meeting Rule and Notice to Members	6
Section 12.	Electronic Meetings	7
Section 13.	Quorum and Actions of the Board	7
Section 14.	Powers	7
ARTICLE IV	- OFFICERS AND MANAGING AGENTS	9
Section 1.	Required Officers; Election and Appointment of Officers	9
Section 2.	Removal of Officers	9
Section 3.	President	9
Section 4.	Vice President	9

Section 5.	Secretary-Treasurer.....	9
Section 6.	Professional Management.....	10
ARTICLE V	- BUDGET AND ASSESSMENTS.....	10
Section 1.	Budget Preparation.....	10
Section 2.	Annual Assessment Roll Preparation.....	10
Section 3.	Budget Adoption and Assessment Levy.....	11
Section 4.	Budget and Assessment Modifications.....	11
Section 5.	Special Assessments.....	12
Section 6.	Failure to Prepare Budget.....	12
Section 7.	Payment of Assessments.....	12
Section 8.	Working Capital Fund.....	13
ARTICLE VI	- BOOKS AND RECORDS, ANNUAL REPORTS, RESALE CERTIFICATES AND ACCOUNTING CONTROLS.....	13
Section 1.	Books and Records.....	13
Section 2.	Annual Reports.....	13
Section 3.	Resale Certificates.....	14
Section 4.	Accounting Controls.....	15
ARTICLE VII	- AMENDMENTS TO BYLAWS.....	15
Section 1.	Amendments.....	15
ARTICLE VIII	- NOTICES.....	15
Section 1.	Notice of Change of Residence.....	15
Section 2.	Notice of Mortgagees.....	16
ARTICLE IX	- INDEMNIFICATION.....	16
Section 1.	General.....	16
Section 2.	Insurance.....	16
ARTICLE X	- DEFINITIONS.....	16
Section 1.	Definitions.....	16

**BYLAWS OF THE
ROCHESTER CRIMSON RIDGE ASSOCIATION
OLMSTED COUNTY COMMON INTEREST COMMUNITY NUMBER 252**

ARTICLE I - THE ASSOCIATION

Section 1. The Association. Pursuant to the requirements of Minnesota Statutes, Section 515B.3-101, the Declarant has organized Rochester Crimson Ridge Association (the "Association") as a Minnesota nonprofit corporation to administer Rochester Crimson Ridge.

Section 2. Association's Registered Office. The Association's Registered Office is located at 12400 Whitewater Drive, Suite 120, Minnetonka, Minnesota 55343. To change the location of the Association's registered office, the Association must comply with the requirements of Minnesota Stat. § 317A.123.

ARTICLE II - MEMBERSHIP, MEETINGS OF MEMBERS AND VOTING RIGHTS

Section 1. Membership. The Association has Members. The number of Members always equals the number of Units in the Common Interest Community. If a Unit has only one Owner, the Owner is a Member. If a Unit has more than one Owner, all Owners of the Unit are, collectively, a single "Member" of the Association. Acceptance of an ownership interest in a Unit constitutes the Owner's consent to admission as a Member of the Association. If a Person ceases to be an Owner of a Unit, the Person's membership rights automatically transfer to the Person or Persons who succeed to the Person's ownership interest in the Unit. Only Owners may be Members.

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

(a) If the Declarant Control Period has expired, the Members must elect successors for directors, if any, whose terms have expired or whose terms the Board reasonably expects will expire before the next annual meeting;

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

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

placement of a matter on the agenda for an annual meeting pursuant to a written demand of the Members does not, in and of itself, give Members the right to vote on the matter. Members are only authorized to vote upon matters that the CIC Act, the Nonprofit Act, the Declaration or these Bylaws indicate are to be determined by a vote of the Members. Notwithstanding the foregoing, the Board may, but is not obligated to, request a nonbinding, advisory vote of the Members on any issue placed on the agenda for an annual meeting.

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

(a) the Board adopts a resolution directing the president to call a special meeting and stating the purpose for which the special meeting is to be held; or

(b) twenty percent of the Members execute and present to the president or treasurer a written demand for a special meeting of the Members which demand must state the purpose for which the special meeting is to be held.

The Association president must schedule a special meeting within sixty days of the occurrence of either of the events described in Subsection (a) and (b), and the secretary of the Association must provide notice of the special meeting pursuant to Section 6 of this Article II. No business may be transacted at a special meeting except as described in the notice of meeting. The Board's placement of a matter on the agenda for a special meeting pursuant to a written demand of the Members does not, in and of itself, give Members the right to vote on the matter. Members are only authorized to vote upon matters that the CIC Act, the Nonprofit Act, the Declaration or these Bylaws indicate are to be determined by a vote of the Members. Notwithstanding the foregoing, the Board may, but is not obligated to, request a nonbinding, advisory vote of the Members on any issue placed on the agenda for a special meeting.

Section 4. Determination of a Record Date. The Board must fix a date not more than sixty days before the date of an annual or special meeting of the Members as the date for the determination of the Members entitled to notice of and entitled to vote at the meeting (the "Record Date"). Only Persons who are Members on the Record Date established for a meeting are entitled to notice of and are permitted to vote at the meeting.

Section 5. Preparation of Member List. After establishing the Record Date, the Board must prepare an alphabetical list of the names of the Members who are entitled to receive notice of the meeting and to vote at the meeting. The list must state the address of each Member entitled to vote at the meeting and number of votes each Member is entitled to cast at the meeting. Beginning two business days after the Board gives notice of an annual or special meeting, as provided for in Section 6 below, and continuing through the date of the meeting, the Board must make the list of Members available to Members for inspection. The list must be available at the Association's registered office or at a reasonable location identified in the notice of meeting. The Member list must also be available at the meeting. A Member or his or her agent or attorney is entitled, on written demand, to inspect and copy the Member list at a

reasonable time at the Member's expense during the period it is available for inspection and at any time during the meeting or an adjournment of the meeting.

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

Section 7. Place of Meetings. The Board must hold meetings of the Members at the Association's office, if any, or at another location, reasonably convenient to the Members, that the Board designates.

Section 8. Conduct of Meetings and Quorum Requirement. The Board may establish procedures to govern the conduct of meetings of the Members. The presence, in person or by written proxy statements, of Members eligible to vote who hold twenty-five percent or more of the total number of eligible votes in the Association constitutes a quorum. Once a quorum is established, the Members at the meeting may, subject to Section 12 of this Article II, continue to transact business until the meeting is closed even if the departure of Members results in the loss of a quorum.

Section 9. Adjourned Meetings. If any meeting of Members lacks a quorum, a majority of the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight hours from the time the original meeting was called and this process may be continued until a quorum is obtained. The Association's secretary is not required to give Members notice of the date, time or place of any adjourned meeting.

Section 10. Voting Rights. As set forth in Section 7 of the Declaration, the formula used to allocate membership votes in the Association is equality, and the Declaration allocates one membership vote in the Association to each Unit. As set forth in Section 1 of this Article II, the Person who is the Owner of a Unit is, or the Persons who are the Owners of a Unit are, collectively, a Member and are entitled to cast the membership vote allocated to the Unit the Person or Persons own. The Members may cast their votes in person or by a written proxy at annual and special meetings of the Members. The Board may adopt a resolution providing for a vote of the Members on any issue except the election of directors via mailed ballots pursuant to Minn. Stat. § 317A.447 and Minn. Stat. § 515B.3-110(c). If there is more than one Owner of a Unit, only one of the Owners may cast the vote allocated to the Unit. If the Owners of a Unit do not agree on which Owner is to cast their vote and how it will be cast, the Owners must abstain from voting, and the Board may disregard any attempt by one or more of the Owners of the Unit to cast a vote without the agreement of the other Owners of the Unit. Multiple Owners of a single Unit may not split or divide the membership vote allocated to that Unit. The Board is not responsible for determining if all Owners of a Unit agree on how to cast the vote assigned to that

Unit. Absent an apparent disagreement among the Owners of a Unit, the Board may accept the vote of one Owner of the Unit as the membership vote allocated to that Unit.

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

Section 12. Action of the Members. If a quorum is present, or if a quorum has been present at a meeting, the affirmative vote, either in person or by proxy, of the greater of a majority of the Members present or a majority of the required quorum is the act of the Members.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Qualifications of Directors. Each director, other than the directors identified in the Articles of Incorporation or directors that a Declarant or a Declarant's designee appoints pursuant to Section 2 below, must be an Owner or, if a Person other than a natural person is an Owner, a designated agent of the Owner. After a Declarant's right to appoint directors pursuant to Section 2 expires, a majority of the directors must be Owners or designated agents of Owners other than a Declarant or representatives of a Declarant.

Section 2. Declarant's Right to Appoint Directors. The Articles of Incorporation designate the Association's initial Board. The Board initially has three members. The Board is later expanded to five members as set forth in Section 3 of this Article III. A Declarant, or a Person a Declarant designates, has the exclusive right to remove one or more of the directors designated in the Articles of Incorporation or their approved successors, at will, and appoint successors, until the earlier of:

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

The Declaration defines the period during which the Declarant may exercise the rights described in this Section 2 as the "Declarant Control Period."

Section 3. Members' Election of Directors; Number of Directors. The Board consists of three directors until the date of the annual or special meeting the Board calls pursuant to the following sentence. Within sixty days after the date a Declarant has conveyed fifty percent of the Units to Purchasers, the Board must call and hold an annual or special meeting of the Members. At that meeting the Members must elect two additional directors. From and after the date of that election, the Board consists of five directors. Within sixty days after the date a Declarant has conveyed seventy-five percent of the Units to Purchasers, the Board must call and hold an annual or special meeting of the Members. At that meeting, the terms of all five directors expire, and the Members must elect two directors to serve three-year terms; two directors to serve two-year terms; and one director for a term of one year. From and after that election, the Board consists of five directors, and the Members elect directors for three-year terms except as otherwise set forth in Section 5 or Section 6 of this Article III. Elected Directors take office upon the later of the date of their election or the date their predecessor's term expires or is terminated. Elected directors hold office until they resign, cease to have an ownership interest in a Unit and, therefore, no longer qualify as a director pursuant to Section 1 of this Article III, the Members remove them pursuant to Section 6 below or their term expires and the Members elect a successor director. To calculate the percentage of Units a Declarant has sold to Purchasers for purposes of Section 2 and Section 3 of this Article III, the number of Units a Declarant has sold to Purchasers is divided by the total number of Units Declarants may create if Declarants add all Additional Real Estate to the Common Interest Community.

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

Section 5. Vacancies. If after the expiration of the Declarant Control Period one or more vacancies occur on the Board as a result of one or more director's death, resignation or failure to meet the qualifications set forth in Section 1 of this Article III, the remaining directors may vote to fill the vacancy or vacancies even if the remaining directors constitute less than a quorum. The affirmative vote of a majority of the remaining directors is necessary to elect an interim director. If a majority of the remaining directors do not agree on an interim director, the seat remains vacant until the next annual or special meeting of the Members. Each director so elected is a director until the next annual or special meeting of the Members at which time the Members must elect a successor to serve the remainder of the original director's term. If the original director's term has expired, the Members must elect a successor director for a three-year term.

Section 6. Removal of Directors. The Declarant or a designee of the Declarant may remove directors a Declarant or a designee of a Declarant appointed and may appoint a successor director. The Members may, with or without cause, remove a director whom the Members elect

(the Members may not remove a director designated in the Articles of Incorporation or a director the Declarant appointed) at any annual or special meeting duly called, and the Members must immediately elect a successor to serve the remainder of the original director's term. If the Members propose the removal of a director, the director must be given an opportunity to be heard before the Members vote on the director's removal.

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

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

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

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

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

- (1) personnel matters;
- (2) pending or potential litigation, arbitration or other potentially adversarial proceedings between Owners or between the Board or the Association and an Owner or Owners or other matters in which any Owner may have an adversarial interest, if the Board determines that closing the meeting is necessary to discuss strategy or to otherwise protect the position of the Board or the Association or the privacy of an Owner or occupant of a Unit; or
- (3) criminal activity arising within the Common Interest Community if the Board determines that closing the meeting is necessary to protect the privacy of the victim or that opening the meeting would jeopardize investigation of the activity.

Nothing in this subsection imposes a duty on the Board to provide special facilities for meetings. This subsection does not require the Board to allow Members to address the Board during the

meeting or to otherwise participate in the Board's discussion, but the Board may allow Members to address the Board or participate to the extent the Board deems appropriate. The failure to give notice as required by this subsection does not invalidate the Board meeting or any action taken at the meeting.

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

Section 13. Quorum and Actions of the Board. A majority of the directors constitutes a quorum for the transaction of business. Robert's Rules of Order govern the conduct of Board meetings. The Board may, by resolution, modify the applicability of Robert's Rules of Order or adopt alternative rules of procedure to govern the conduct of its meetings. A director may not grant a proxy to another director or to a third party to attend board meetings on the director's behalf or to cast the director's vote.

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

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

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

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

(d) Institute, defend, or intervene in arbitration, litigation or administrative proceedings (i) in the Association's name on behalf of the Association or two or more Members on matters affecting the Common Elements or other matters affecting the Common Interest Community or (ii) with the consent of the Owners of the affected Units on matters affecting only those Units;

(e) Make contracts and incur liabilities.

(f) Regulate the use, maintenance, repair, replacement and modification of Common Elements and Units;

(g) Make improvements to the Common Elements provided the cost of improvements may not exceed ten percent of the Association's annual expense budget for the current year for all improvements over a twelve-month period unless the Members approve the project at a special or annual meeting of the Members. This limitation on improvements does not impair or restrict the Board's authority to expend sums to maintain or repair the Common Elements, regardless of the cost of the maintenance or repairs;

(h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, and convey or encumber Common Elements but only pursuant to the provisions of Minn. Stat. Ch. 515B;

(i) Grant public utility easements through, over or under the Common Elements, and, with the approval of a majority of Members other than a Declarant or an Affiliate of a Declarant, grant other public or private easements, leases and licenses through, over or under the Common Elements;

(j) Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements other than Limited Common Elements and for services the Association provides to Owners;

(k) Impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and the Association's rules and regulations, if any;

(l) Impose reasonable charges including reasonable costs and attorneys' fees, for the evaluation, preparation and recordation of Amendments to the Declaration, resale certificates, statements of unpaid assessments or furnishing copies of Association records;

(m) Provide for the indemnification of directors and officers and maintain directors' and officers' liability insurance;

(n) Establish reasonable procedures governing the conduct of meetings of the Members, the election of directors and the use of proxies;

(o) Exercise any other powers conferred by Minn. Stat. Ch. 317A, Minn. Stat. Ch. 515B, the Declaration, or Bylaws;

(p) Exercise any other powers the Board deems necessary and proper for the governance and operation of the Association.

ARTICLE IV - OFFICERS AND MANAGING AGENTS

Section 1. Required Officers; Election and Appointment of Officers. The Association must have a president, a vice president, and a secretary-treasurer. The Declarant must appoint the officers during the Declarant Control Period, and may, during the Declarant Control Period, remove officers at will and designate their replacements. Thereafter, the Board must elect officers annually at the organizational meeting of each new Board. The president, vice president and secretary-treasurer must be directors. The Board may appoint an assistant treasurer, an assistant secretary, or other officers as the Board deems appropriate.

Section 2. Removal of Officers. After the expiration of the Declarant Control Period, the Board may, by affirmative vote, remove any officer either with or without cause. If the Board removes an officer, the Board must elect a successor at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

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

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

Section 5. Secretary-Treasurer. The secretary-treasurer must maintain records of and, when necessary, certify to proceedings of the Board and the members. He or she must keep accurate financial records of the Association; deposit money and endorse and deposit notes, checks and drafts the Association receives in the name of and to the credit of the Association in the banks and depositories the Board has designated; and disburse Association funds and issue checks and drafts in the name of the Association pursuant to resolutions of the Board; and upon request, provide the president and the Board an account of transactions and of the financial condition of the Association. The secretary-treasurer may utilize the services of a management company or manager to fulfill some or all of the responsibilities these Bylaws impose upon him

or her, but he or she remains responsible for overseeing the management company's or manager's performance of those tasks.

Section 6. Professional Management. At any time that there are fifty or more Units in the Common Interest Community, the Board must engage professional management for the management of the Common Interest Community.

ARTICLE V - BUDGET AND ASSESSMENTS

Section 1. Budget Preparation. Before a Declarant conveys the first Unit to a Purchaser, the Board must prepare a proposed budget for the Association. The first proposed budget is for the period commencing on the first day of the month in which the Declarant will close on the sale of the first Unit to a Purchaser and ending on the last day of the Association's fiscal year. The Association's fiscal year shall be the calendar year, unless the Board, by resolution, adopts a different fiscal year. On or before the date 60 days prior to the end of the Association's fiscal year, the Board must prepare a proposed budget for the next fiscal year and provide a copy of the proposed budget to the Owner or Owners of each Unit. Proposed budgets must set forth the Board's estimate of the Common Expenses for the budget period. Pursuant to Minn. Stat., Section 515B.3-114, the Association's annual budgets must provide, on a cumulative basis, for adequate reserve funds for the cost of replacing those parts of the Common Elements the Association is obligated to replace.

Section 2. Annual Assessment Roll Preparation. Contemporaneously with the preparation and distribution of each budget, the Board must prepare and distribute an annual assessment roll. The annual assessment roll must allocate to each Unit, as its annual assessment for the budget period, an amount determined by multiplying the Association's estimated income requirements for the budget period, based on the proposed budget, by that Unit's Fractional Allocation, as defined in the Declaration. In addition, the Board:

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

(b) May assess any Common Expense or portion thereof that benefits fewer than all of the Units exclusively against and equally among the benefitted Units;

(c) May assess the cost of insurance against Units in proportion to the type or amount of coverage provided to that Unit or the type of risk insured;

(d) May assess Common Expenses for utilities against Units in proportion to usage;

(e) May assess against a Unit any Common Expenses, including attorney's fees and court costs, incurred in connection with the collection of assessments due and

payable with respect to that Unit or in connection with the enforcement of the provisions of the Declaration, Bylaws or rules and regulations against an Owner or occupant of the Unit;

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

(g) May assess Common Expenses to pay a judgment against the Association only against and equally among the Units that were a part of the Common Interest Community at the time the judgment was entered;

(h) May assess Common Expenses incurred to repair damage to the Common Elements or another Unit which is caused by the act or omission of any Owner, Unit occupant or their invitees, and which are not covered by the Association's insurance against the Owner's or occupant's Unit.

The annual assessment roll must also state the amount of the monthly installment of the annual assessment for each Unit. Notwithstanding anything else in this Article V, the Board may not increase the annual assessments levied against the Units by twenty-five percent or more over the annual assessment for the prior year. This requirement does not limit the Board's authority to levy assessments pursuant to subsection (a) through (h) of this Section 2 or to levy special assessments pursuant to Section 5 of this Article V.

Section 3. Budget Adoption and Assessment Levy. Before the Declarant conveys the first Unit to a Purchaser the Board must adopt an annual budget. The Board must levy the first annual assessment for the year in which the Declarant closes on the sale of the first Unit to a Purchaser no later than sixty days after Declarant conveys the first Unit to a Purchaser. Thereafter, the Board must, by resolution, adopt an annual budget and levy annual assessments for the upcoming fiscal year before the commencement of that fiscal year. The Board must base the annual budget and the annual assessments on the proposed budget and the annual assessment roll, subject to any modifications specifically set forth in the resolution adopting the annual budget and levying the annual assessments.

Section 4. Budget and Assessment Modifications. If a Declarant adds Additional Real Estate to the Common Interest Community and the Board determines the inclusion of the Additional Real Estate may cause the Association to incur Common Expenses in excess of the amount set forth Association's budget or may add additional Units to the Common Interest Community, the Board may adopt, by resolution, an amended budget and amended assessment roll reallocating the estimated Common Expenses for the balance of the fiscal year, as set forth in the revised annual budget, against the Units. If a Declarant adds Additional Real Estate to the Common Interest Community and the Board fails to adopt a resolution amending the Association's budget and levying annual assessments against the new Units created out of the Additional Real Estate the Declarant adds to the Common Interest Community, the new Units created out of the Additional Real Estate the Declarant adds to the Common Interest Community are automatically subject to an annual assessment in an amount equal to the amount of the annual assessment the Board has levied against the other Units in the Common Interest Community

(prorated to reflect the number of whole months left in the calendar year), and the Association's budget is automatically increased to reflect any costs the Association will incur to perform its obligations with respect to the Additional Real Estate added to the Common Interest Community (and the Units located thereon) and to reflect the additional income resulting from the assessments levied against those Units. If, at any time, the Board determines that the assessments levied against the Units are inadequate to pay the actual Common Expenses of the Association, the Board may, by resolution, amend the annual budget and assess any increased amounts provided for in the amended annual budget against the Units.

Section 5. Special Assessments. In addition to the annual assessments levied on or before the commencement of each fiscal year and amendments to the annual assessments, the Board may levy special assessments at such other and additional times as the Board, in its sole judgment, determines are appropriate to meet the financial needs of the Association and for the purposes set forth in Section 2(a) through (h). Special assessments must be levied in the same manner as annual assessments and are due and payable as the Board determines.

Section 6. Failure to Prepare Budget. The failure of the Board to prepare a proposed budget or to adopt an annual budget or levy annual assessments as provided herein does not constitute a waiver or release in any manner of an Owner's obligation to pay the amounts assessed against the Owner's Unit and in the absence of any proposed or annual budget, the Owner must continue to pay the monthly assessment established for the previous fiscal year until a new annual budget is mailed or delivered to the Owner and a new assessment is levied.

Section 7. Payment of Assessments. Unless otherwise provided in the Board's resolution levying the assessment, annual assessments are payable to the Association or as the Board directs in equal monthly installments on the first day of each month of each fiscal year. Each Owner is personally liable for the annual and special assessments levied against Owner's Unit. If more than one Person owns a Unit, all Owners of the Unit are jointly and severally liable for all assessments. An Owner may not withhold payment of annual or special assessments or reduce the amount of the Owner's payments as a set-off against claims which the Owner asserts against the Association. If an Owner fails to pay any installment of any assessment, in full, within ten days of the date due, the payment is delinquent. Interest accrues on a delinquent payment from the date the payment was due through the date the payment is made at the judgment rate of interest as determined by Minnesota Stat. § 549.09. In addition, the Board may adopt a resolution establishing a late fee to be assessed against a Unit if assessment payments are not made when due. If the Owner is more than sixty days delinquent in the payment of any monthly installment of an annual assessment or any installment of a special assessment, the Board may, upon ten days' written notice to the Owner, declare the entire amount of the assessment immediately due and payable in full. The Association has a lien against the Unit for the amount of any unpaid assessments and any fines, late fees, or interest, and may foreclose the lien to the extent set forth in the Declaration and the Act. In any foreclosure of a lien or a suit to recover a money judgment for unpaid assessments, the amount due and owing includes the amount of all unpaid regular or special assessments, interest and any late charges as described above, and all costs of collection, including actual attorneys fees. The Board may, by resolution, adopt procedures governing the manner in which the Association applies payments of an amount less than the total amount due to the total amount due.

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

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

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

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

- (a) A statement of any capital expenditures in excess of the two percent of the current budget or \$5,000.00, whichever is greater, which the Board has approved for the current year or succeeding two fiscal years.
- (b) A statement of the balance in any reserve or replacement fund.
- (c) A copy of the statement of revenues and expenses for the last fiscal year and a balance sheet for the Association.
- (d) A statement of the status of any pending litigation or judgments to which the Association is a party.
- (e) A statement of the insurance coverages which the Association maintains.

(f) A statement of all delinquent payments of annual or special assessments current as of not more than sixty days prior to the date of the report, in each case identifying the Owner, the Unit, and the amount of the delinquency.

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

(a) a statement disclosing any right of first refusal or other restraint on the free alienability of the Unit contained in the Declaration, Bylaws, rules and regulations, or any amendment thereof;

(b) a statement setting forth the amount of the monthly installments of annual assessments and special assessments levied against the Unit and the amount of any due and unpaid annual or special assessment, fines or other charges payable with respect to a Unit;

(c) a statement of any fees or charges which Owners must pay;

(d) a statement of any capital expenditures which the Board has approved for the current and two succeeding fiscal years;

(e) a statement of the amount of any reserves for maintenance, repair or replacement and of any portions of those reserves the Board has designated for any specified projects or uses;

(f) a copy of the most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;

(g) a copy of the Association's current budget;

(h) a statement of any unsatisfied judgments against the Association and the status of any pending suits to which the Association is a party;

(i) a detailed description of the insurance coverage provided for the benefit of Owners, including any fixtures, decorating items and construction items within a Unit which the Association is not required to insure;

(j) a statement as to whether the Board has notified the current Owner: (i) that any alterations or improvements to the Unit or the Limited Common Elements and assigned to the Unit violate any provision of the Declaration; (ii) that the Unit is in violation of any governmental statute, ordinance, code or regulation; and

(k) a statement of the remaining term of any leasehold estate affecting the Common Interest Community and the provisions governing any extension or renewal thereof.

Section 4. Accounting Controls. The Board must hire a licensed, independent, certified public accountant, who is not an employee of the Declarant or its affiliates, is professionally independent of the control of Declarant or its affiliates, is licensed by the Minnesota State Board of Accountancy and satisfies the test for independence as promulgated by the American Institute of Certified Public Accountants, to prepare and review the Association's financial statements at the end of the Association's fiscal year. The financial statements must be prepared in accordance with generally accepted accounting principles as established from time to time by the American Institute of Certified Public Accountants, and must be reviewed in accordance with standards for accounting and review services. The financial statement must be presented on the full accrual basis using an accounting format that separates operating activity from replacement reserve activity. The Board must deliver the reviewed financial statement to all Members within one-hundred-twenty days after the end of the Association's fiscal year. Notwithstanding the foregoing, the Board may elect not to obtain a review of the Association's financial statements if, not more than thirty days prior to the end of a fiscal year, owners holding at least thirty percent of the votes in the Association vote, at an annual or special meeting of the Association or by mailed ballot, to waive the review requirement for that fiscal year. A waiver vote does not apply to more than one fiscal year, and does not affect the Board's authority to cause a review or audit to be made.

ARTICLE VII - AMENDMENTS TO BYLAWS

Section 1. Amendments. Subject to the terms of the Declaration, the members of the Association may amend these Bylaws at an annual meeting or at a special meeting called for that purpose. To be effective, the Owners of at least sixty-seven percent of the Units and the holders of first mortgages on at least fifty-one percent of the Units subject to first mortgages (each mortgagee having one vote per unit financed) must vote in favor of the amendment in person or by written proxy, and if these Bylaws have been recorded, the Association must record the amendment in the appropriate county land records.

ARTICLE VIII - NOTICES

Section 1. Notice of Change of Residence. If the Owner is not residing in the Owner's Unit, the Owner must promptly notify the Association, through the managing agent, if any, or the president if there is no managing agent, of the name of the resident of the Owner's Unit; the address of the Owner's new residence or corporate or partnership offices, as the case may be; and the Owner's current mailing address. The Association must maintain such information in a record book.

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

ARTICLE IX - INDEMNIFICATION

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

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

ARTICLE X - DEFINITIONS


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

CERTIFICATE OF SECRETARY

The undersigned **DOES HEREBY CERTIFY** that:

1. I am the duly elected and acting secretary of Rochester Crimson Ridge Association, a Minnesota non-profit corporation; and
2. The foregoing Bylaws constitute the original Bylaws of Rochester Crimson Ridge Association as duly adopted by written action of the Directors, effective as of May 5, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name as of the 5 day of May, 2004.


Secretary

WRITTEN ACTION OF DIRECTORS
EFFECTIVE May 5, 2004

ROCHESTER CRIMSON RIDGE ASSOCIATION

The undersigned, constituting all of the Directors of Rochester Crimson Ridge Association, a Minnesota nonprofit corporation, acting pursuant to Minnesota Statutes, Section 317A.239, do hereby adopt the following resolutions as if said resolutions had been adopted at a meeting of the Board of Directors duly called and held for that purpose, to-wit:

BYLAWS

RESOLVED that the bylaws presented to and reviewed by the Directors and incorporated herein by reference be, and the same hereby are, adopted as the bylaws of the corporation, and the secretary is hereby directed to file them in the minute books of the corporation and to authenticate them by certificate.

OFFICERS

RESOLVED that the following persons be and they hereby are elected to the offices of the corporation set opposite their names to serve until their successors are elected and qualify, subject to their earlier disqualification, resignation, or removal:

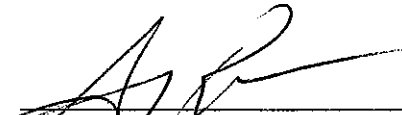
<u>Name</u>	<u>Office</u>
Scott Richter	President
Roxi Kraai	Vice President
Connie McGuire	Secretary-Treasurer

AUTHORITY TO CONTRACT

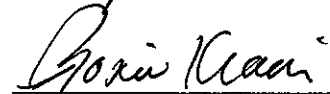
RESOLVED during the period of time Declarant is authorized to remove one or more of the corporation's directors and appoint successor directors pursuant to Section 2, Article III of the corporation's bylaws, the corporation's vice president and secretary-treasurer are authorized to sign and deliver, in their capacity as vice president or secretary-treasurer and in the name of the Corporation, contracts or other instruments pertaining to the business of the corporation to the same extent the president of the corporation is authorized to sign and deliver contracts and other instruments pertaining to the business of the corporation pursuant to Minnesota Statutes, Section 317A.305.

MANAGEMENT CONTRACT


RESOLVED either the President, Vice President or Secretary-Treasurer may and is hereby authorized to enter into a Management Contract with Wies management for the management of Rochester Crimson Ridge.



Scott Richter



Roxi Kraai



Connie McGuire

Constituting all of the Directors of
Rochester Crimson Ridge Association, a
Minnesota nonprofit corporation