

RULES AND REGULATIONS
LIFESTYLE VILLAGE

Exhibit D
to
Lifestyle Disclosure Statement

RULES AND REGULATIONS

LIFESTYLE VILLAGE HOMEOWNERS ASSOCIATION

INTRODUCTION

It is important that we preserve the living and architectural style that Lifestyle Village represents. The goal of these Rules and Regulations is to provide reasonable, practical guidelines for the operation of Lifestyle Village. All residents and guests are obligated to comply with these Rules and Regulations and the Association's Governing Documents. The Board of Directors of the Association may approve Rules and Regulations based upon authority contained in Section 5.6 of the Declaration. References to the Association means the Board acting for and on behalf of the Association. The terms used in these Rules and Regulations have the same meanings as set forth in Section 1 of the Declaration.

GENERAL USE REGULATIONS

1. Owners and Occupants are responsible for the behavior of their families, guests and tenants while at Lifestyle Village. Owners and Occupants should be aware of children's welfare and safety in the use of the property, particularly with respect to vehicular traffic.

2. Owners and Occupants are obligated to comply with all applicable laws, ordinances and regulations of any governmental authority. If charged with a violation by a governmental authority, the Owner or Occupant shall indemnify, defend and hold the Association, and other Owners and Occupants, harmless from all fines, penalties, costs, attorney's fees or prosecution resulting from the violation.

3. There are a number of "Village greens," trails and other open spaces maintained by the Master Association Common Elements of Lifestyle Village for the joint use of all residents. We ask that you be considerate of the rights of other residents. Residents and guests are required to refrain from activity which materially disturbs the quiet enjoyment of the property by other residents.

4. For health reasons, garbage and refuse should be placed in leakproof trash bags and deposited in designated trash receptacles. Municipal regulations regarding garbage pickup apply.

5. Flammable substances may not be kept on the Property except in safe containers. No inherently dangerous items such as explosives may be kept on the Property.

6. Lifestyle Village is designed to be a residential community. Business or commercial activity may not be conducted at Lifestyle Village, except for the limited, incidental activities described in Section 7 of the Declaration.

7. Firearms, airguns and other devices designed to fire a potentially lethal projectile may not be discharged or carried on the Property, except to and from a vehicle for purposes of transporting the device.

8. Persons authorized by the Board may enter the yard areas of the Units at any time for the purpose of correcting any condition which is reasonably believed to present an imminent danger of serious loss or damage to any portion of the property, or injury or death to any person. These authorized persons may also enter the yard areas upon reasonable advance notice for purposes of maintaining, repairing and replacing Common Elements or those parts of the Units which the Association is obligated to maintain.

9. Managers and others who provide services to the Association are required to take direction only from the Board or Association officers. Comments regarding services or actions of persons performing work for the Association should be directed to the Board or to the manager.

EXTERIOR ALTERATIONS/DISPLAYS

1. Identification, signs or displays of any kind may not be placed anywhere on the Property without prior approval of the Board; except that a customary "for sale" sign of a reasonable size approved by the Board may be temporarily erected on the yard area of the Unit near the street during the period when a unit is for sale.

2. No Person may modify or remove any part of the Common Elements, nor change the appearance of any portion of the Common Elements or the exterior of any Unit, except in accordance with the architectural control requirements set forth in Section 8 of the Master Declaration. However, The Board may pre-approve certain routine maintenance of, or changes to, the exteriors of the Dwellings.

3. Additional buildings, animal enclosures, tents, awnings, shelters, additions, poles or other structures or physical improvements of any kind, temporary or permanent, which are visible from the exterior of a Unit, are prohibited without the prior written approval of the A.R.C. as set forth in Section 8 of the Master Declaration.

4. No antenna may be installed on the Property except: (i) one antenna one meter or less in diameter for the purpose of receiving direct broadcast/satellite service or video programming services, or (ii) any antenna for receiving television broadcast signals, may be installed on a Unit, as permitted or restricted by statutes, rules, regulations and requirements of governmental authorities having jurisdiction. Antennas should be installed so as to minimize their visibility from the street side of the Unit and otherwise camouflage the antenna's appearance, unless such requirements would unreasonably delay installation, or unreasonably increase the cost of installation, maintenance or use of the antenna, or preclude reception of an acceptable quality signal. The Board, or a committee appointed by it, shall have authority to impose further,

reasonable requirements consistent with law. The Owner shall be responsible for the maintenance of an installed antenna and related equipment, and for any damage to the Property arising out of the installation, maintenance or use of the antenna.

5. Owners and Occupants have the responsibility for obtaining approval from the Board prior to the installation of exterior fixtures and accessories. If any such fixture or accessory is installed without approval by the Board, the Association has the right to remove the unapproved items at the expense of the violating Owner.

UTILITIES

Each Owner is responsible for the maintenance, repair, replacement and charges relating to public utilities or other similar services metered solely to his/her Unit.

VEHICLES AND PARKING REGULATIONS

Vehicles and trailers of any type, whether motorized or not, must be kept in garages when not in use due to preserve and the appearance of the area.

1. Outside parking may be limited during periods of snow removal or maintenance.
2. Inoperative or unlicensed vehicles or recreational equipment may not be kept at Lifestyle Village, except in the owner's garage. All vehicles required by law to be licensed or registered must have current registration and license tags, as applicable.

ANIMALS

1. Small, domesticated common house pets such as dogs, cats, fish or birds ("permitted pets") may be kept by an Owner or Occupant in his/her Dwelling, subject to these Rules and Regulations. No other animals may be kept at Lifestyle Village. Birds, fish and other small household pets (other than dogs and cats) shall be kept in appropriate cages or tanks in the Owner's Dwelling.

2. A maximum of one dog or two cats may be kept in any Unit, unless a written waiver is granted by the Board for good cause.

3. Any permitted pet must be housed and maintained exclusively within the Owner's Dwelling, except when under the direct control of the Owner. Outdoor animal houses, shelters or enclosures of any type are prohibited. No animal may be left unattended outdoors.

4. Owners are responsible to pay for any damage to the Property caused by their pet, and are obligated to hold harmless and indemnify the Association, and its officers and directors, against any loss, claims or liability arising out of any act of the pet.

5. Permitted pets shall not be allowed to relieve themselves on the Property, except on the Owner's Unit or in areas designated by the Board. Solid waste left on the Property shall be promptly disposed of by the pet's owner.

6. Permitted pets may be walked on the Property only in accordance with local leash laws.

7. Notwithstanding the foregoing, no rules shall be imposed which restrict the keeping of a qualified "service animal" for a disabled or handicapped person in violation of any applicable state or federal statutes, regulations or rules.

ADMINISTRATION

1. Waivers from the provisions of these Rules and Regulations for specific situations may be granted by the Board for good cause shown if, (i) in the judgment of the Board the waiver will not violate the Governing Documents or the Master Governing Documents, nor interfere with the rights of other Owners or Occupants, and (ii) the waiver is granted to other Owners and Occupants under the same circumstances. Waivers will not be granted unless an emergency or highly extenuating circumstances exist.

2. The Board has the authority to amend these Rules and Regulations, and make such other Rules and Regulations, from time to time, as it deems necessary for the use, safety, care and cleanliness of Lifestyle Village, and for securing the common comfort and convenience of all residents.

VIOLATIONS/HEARINGS

When there is a violation of these Rules and Regulations or the Governing Documents, the Board is authorized to pursue various remedies described in the Declaration. Prior to the Board imposing certain remedies, the Board must, upon written request of the offending Owner, grant the Owner a fair hearing. Please refer to Section 14 of the Declaration for a complete discussion of the rights and remedies of the Association and the Owners.

**LIFESTYLE VILLAGE
DECLARATION**

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1 DEFINITIONS	2
SECTION 2 DESCRIPTION OF UNITS, BOUNDARIES AND RELATED EASEMENTS	5
SECTION 3 COMMON ELEMENTS AND OTHER PROPERTY	6
SECTION 4 ASSOCIATION MEMBERSHIP: RIGHTS AND OBLIGATIONS	7
SECTION 5 ADMINISTRATION	9
SECTION 6 ASSESSMENTS	10
SECTION 7 RESTRICTIONS ON USE OF PROPERTY	14
SECTION 8 ARCHITECTURAL STANDARDS	17
SECTION 9 MAINTENANCE	17
SECTION 10 INSURANCE	19
SECTION 11 PARTY WALLS	21
SECTION 12 RECONSTRUCTION, CONDEMNATION AND EMINENT DOMAIN	23
SECTION 13 EASEMENTS	23
SECTION 14 COMPLIANCE AND REMEDIES	25
SECTION 15 AMENDMENTS	28
SECTION 16 RIGHTS OF ELIGIBLE MORTGAGEES	28
SECTION 17 DECLARANT RIGHTS	30
SECTION 18 RIGHTS TO ADD ADDITIONAL REAL ESTATE, RELOCATE UNIT BOUNDARIES AND ALTER UNITS	32
SECTION 19 MISCELLANEOUS	33

LIFESTYLE VILLAGE HOMEOWNERS ASSOCIATION**WRITTEN ACTION OF INCORPORATOR****December 1, 1999**

The undersigned, being the sole incorporator of Lifestyle Village Homeowners Association, a Minnesota nonprofit corporation created pursuant to Minnesota Statutes Chapter 317A (the "Association"), hereby takes the following action pursuant to Minnesota Statutes Section 317A.171.

Election of Directors

The following are hereby elected as the first directors of the Association, effective as of the date hereof, to serve until such times as their terms expire in accordance with the provisions of the Bylaws: James McDonald, Homer H. Tompkins, III, and Todd Bjerstedt.



David B. Eide, Incorporator

LIFESTYLE VILLAGE HOMEOWNERS ASSOCIATION**WRITTEN ACTION OF DIRECTORS****(In Lieu of First Meeting of Directors)****December 1, 1999**

The undersigned, being all members of the first board of directors of Lifestyle Village Homeowners Association, a Minnesota nonprofit corporation, created pursuant to Minnesota Statutes Chapter 317A (the "Association"), do hereby authorize and approve the following resolutions as the actions of the Board of Directors of the Association, in lieu of the first meeting of Directors, pursuant to Minnesota Statutes Section 317A.239, Subd. 1.

Election of Officers

The following persons were elected to the offices set forth opposite their respective names, to hold such offices until the next annual meeting of Directors, or until their successors are duly elected and qualified:

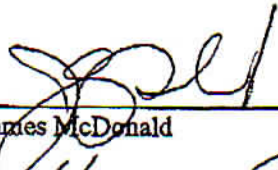
Name	Position
James McDonald	President
Homer H. Tompkins, III	Vice President
Todd Bjerstedt	Secretary and Treasurer

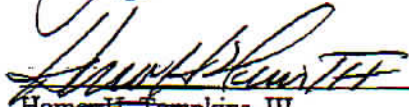
Adoption of By-Laws

The form of Bylaws which has been presented to the Directors and inserted in the Association's minute book under the title "Bylaws" is hereby duly adopted as the Bylaws of the Association for the regulation of its affairs.

Banking Authorization

The officers of the Association are authorized and directed to execute all corporate banking resolutions and take all actions required to open and maintain the bank accounts necessary for the operation of the Association.



James McDonald

Homer H. Tompkins, III

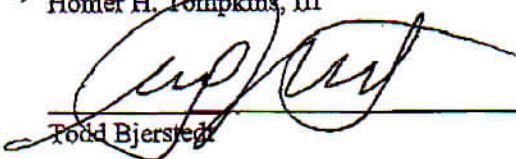
Todd Bjerkedal

LIFESTYLE VILLAGE HOMEOWNERS ASSOCIATION**WRITTEN ACTION OF DIRECTORS****NOVEMBER 30, 2001**

The undersigned, being all of the Directors of the Lifestyle Village Homeowners Association, a Minnesota nonprofit corporation (the "Association"), do hereby authorize and approve the following resolutions as the actions of the Board of Directors of the Association, pursuant to Minnesota Statutes Section 317A.239, Subd. 1.

Approval and Levy of Annual Assessments

The Association hereby levies an annual assessment against each of the Units in the Lifestyle Village, effective as of January 1, 2002, for calendar year 2002, in the amount of \$ 2,400.00 per Unit (\$400 of which is the Liberty on the Lake Master Association assessment and \$ 2,000.00 of which is the Lifestyle Village assessment), subject to the following qualifications: (1) that the assessment shall automatically be levied (on a prorated basis) against new Units which are subsequently subjected to the Master Declaration or the Lifestyle Village Declaration from time to time during said calendar year and (2) that the Master Developer and the Declarant's assessment obligations as to Units owned by them for which an occupancy permit has not been issued shall be limited described in the Master Declaration and the Declaration. The assessment shall be payable by each Owner in installments as directed by the Board of Directors of the Association.


James McDonald
Homer H. Tompkins, III
Todd Bjersfeldt

City of Stillwater
Building Inspection Department
CERTIFICATE OF OCCUPANCY

Building Address: 3635 EBEN GREEN
PIN: 3103020220046
Legal Description: LIBERTY ON THE LAKE PHASE II
Block 001 Lot 011
Use Classification: SINGLE FAMILY

Permit No: 0200588
Construction Type: NEW CONSTRUCTION
Group: R-3
Fire Zone: N/A
Use Zone: RES.

Owner Name: *SHARALEE MILLIGAN*
CONTRACTORS PROPERTY DEVELOPMENT
Owner Address: *3635 EBEN GREEN*
9440 83RD AVE N
City, State, Zip: *STILLWATER, MN 55082*
BROOKLYN PARK, MN 55433

Cindy Shelts

Building Official

12-26-2002

Date

City of Stillwater
Building Inspection Department
CERTIFICATE OF OCCUPANCY

Building Address: 3625 EBEN WAY
PIN: 3103020220045
Legal Description: LIBERTY ON THE LAKE PHASE II
Block 001 Lot 010

Use Classification: SINGLE FAMILY

Permit No: 0200429
Construction Type: NEW CONSTRUCTION
Group: R-3
Fire Zone: N/A
Use Zone: RES.

Owner Name: RANDY G AND BERNICE L DARLING

Owner Address:

City, State, Zip: -

Cindy Shultz

Building Official

12-18-2002

Date

City of Stillwater
Building Inspection Department
CERTIFICATE OF OCCUPANCY

Building Address: 3615 EBEN WAY
PIN: 3103020220044
Legal Description: LIBERTY ON THE LAKE PHASE II
Block 001 Lot 009

Use Classification: SINGLE FAMILY

Permit No: 0200757
Construction Type: NEW CONSTRUCTION
Group: R-3
Fire Zone: N/A
Use Zone: RES,

Owner Name: O.J. SCHEFERS MCCRADY, CAROL J
Owner Address: 3615 EBEN WAY
City, State, Zip: STILLWATER, MN 55082-

Cindy Shultz

Building Official

12-31-2002

Date

City of Stillwater
Building Inspection Department
CERTIFICATE OF OCCUPANCY

Building Address: 3539 EBEN WAY
PIN: 3103020220040
Legal Description: LIBERTY ON THE LAKE PHASE II
Block 001 Lot 005
Use Classification: SINGLE FAMILY

Permit No: 0200348
Construction Type: NEW CONSTRUCTION
Group: R-3
Fire Zone: N/A
Use Zone: RES.

Owner Name: GEOFFREY & JEAN RATTE
Owner Address: 3539 EBEN WAY
City, State, Zip: STILLWATER, MN 55082-

Cindy Shultz

Building Official

11-21-2002

Date

City of Stillwater
Building Inspection Department
CERTIFICATE OF OCCUPANCY

Building Address: 673 EBEN COURT
PIN: 3103020220075
Legal Description: LIBERTY ON THE LAKE PHASE II
Block 002 Lot 005
Use Classification: SINGLE FAMILY

Permit No: 0200494
Construction Type: NEW CONSTRUCTION
Group: R-3
Fire Zone: N/A
Use Zone: RES.

Owner Name: SALVATORE AND MARY E ROSA
Owner Address: 673 EBEN COURT
City, State, Zip: STILLWATER, MN 55082-

Cindy Shultz

Building Official

11-4-2002

Date

City of Stillwater
Building Inspection Department
CERTIFICATE OF OCCUPANCY

Building Address: 657 EBEN COURT
PIN: 3103020220076
Legal Description: LIBERTY ON THE LAKE PHASE II
Block 002 Lot 006
Use Classification: SINGLE FAMILY

Permit No: 0200683
Construction Type: NEW CONSTRUCTION
Group: R-3
Fire Zone: N/A
Use Zone: RES.

Owner Name: JOHN F & CYNTHIA L STURTZ
Owner Address: 657 EBEN COURT
City, State, Zip: STILLWATER, MN 55082-

Cindy Shultz
Building Official

12-12-2002
Date

Lifestyle Village

Resident Agreement to abide by Covenants and Payment of Association Assessments

The Liberty on the Lake development is an association community and therefore certain covenants and restrictions are contained in the land documents. All residents must agree to comply with these covenants and restrictions.

Liberty on the Lake development is made up of three sub-associations with a board governing each; also a Master Board has overall responsibilities including the maintenance of all commonly owned assets within Liberty on the Lake. The Master Board contracts for the maintenance of commonly owned flower beds, fencing, gazebos, the bridge, ponds, mail boxes, and trees, as well as watering and mowing of common lawn areas, and snow plowing for sidewalks. A replacement reserve is funded annually to ensure that these assets will be maintained.

Lifestyle Village (LV), located in the southwest corner of the Liberty on the Lake Development is one of the three sub-associations within Liberty on the Lake. Services provided by the Lifestyle Village Association include: lawn (and some private flower bed) maintenance including watering, mowing, edging, and weeding. Spring and fall cleanups, shrub pruning, winter plowing of private driveways and shoveling of private walkways are also included.

The thirty-six detached town homes of Lifestyle Village have common ownership of an irrigation system for watering lawn and garden areas. Funds are reserved for major repairs to this system.

The LV Board has also developed rules and architectural design standards unique to the detached townhome area.

All of the Liberty on the Lake associations assess each homeowner within each development for services provided and replacement reserve funding. The sub associations also collect the Master Board assessment along with the sub association assessment. These assessments are approved by the association members at its annual meeting and may change from year to year. The 2009 assessment for each Lifestyle Village residence is \$200.00 per month (approximately \$43 of this assessment is paid to the Master Association). The LV Board has a policy for late payments of these assessments.

In order to maintain the high quality of living environment offered by Liberty on the Lake it is critical that all residents abide by the rules, standards and bylaws of the Liberty on the Lake and the Lifestyle Village homeowner associations and remain current in their payments.

Lifestyle Village

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In order to maintain the high quality of living environment offered by Liberty on the Lake it is critical that all residents abide by the rules, standards and bylaws of the Liberty on the Lake and the Lifestyle Village homeowner associations and remain current in their payments.

I (We) as new residents of _____ Eben (Way) (Court) (Green) which is part of the Lifestyle Village Homeowner's Association, have received a copy of the covenants and agree to honor said covenants, rules and standards of Lifestyle Village and Liberty on the Lake. I (We) further agree to promptly pay our monthly assessment.

_____ Date _____

_____ Date _____

Please return a copy of this signed form to:
Kingwood Management Company.
14524 61st Street Court North
Stillwater, Minnesota 55082

July 17, 2008

**NOTICE TO ALL LIFESTYLE VILLAGE HOMEOWNERS
CHANGE IN ASSESSMENT COLLECTIONS POLICY**

This letter serves as notice to all Lifestyle Village Homeowners of the change in the Assessment Collections Policy, which will take effect October 1, 2008.

It is highly recommended that each homeowner read the ammended collection policy in its entirety for full details. As quick and short description of the ammendment, the policy states that a late fee of \$25.00 will be assessed for each month any payments are past due *and* that in addition to the \$25.00 late fee an *additional* assessment will be added each month in the amount of 2% of the amount more than 60-days delinquent.

Again, please read the Assessment Collections Policy in its entirety. Should any homeowner have questions regarding the ammended policy, please forward your questions, in writing, to Kingwood Management via:

USPS: Lifestyle Village
c/o Kingwood Management
14524 61st Street Court North
Stillwater, MN 55082

E-mail Richard Nauman, Property Manager-Associations
rnauman@kingwoodmanagement

Thank you,

Kingwood Management
As Managing Agent for Lifestyle Village

COMMON INTEREST COMMUNITY NO. 133

LIFESTYLE VILLAGE

BYLAWS

SECTION 1

GENERAL

The following are the Bylaws of the Lifestyle Village Homeowners Association, a Minnesota nonprofit corporation (the "Association"). The Association is organized pursuant to Minn. Stat. Chapter 317A, and pursuant to Minn. Stat. Chapter 515B, the Minnesota Common Interest Ownership Act (the "Act"), for the purpose of operating and managing the Lifestyle Village, a planned community created pursuant to the Act. The Association is a member of Liberty on the Lake Homeowners Association (the "Master Association") and is subject to the Master Declaration of Liberty on the Lake (the "Master Declaration"). The terms used in these Bylaws shall have the meanings assigned to them in the Declaration of the Lifestyle Village (the "Declaration") or in the Master Declaration, if not otherwise defined.

SECTION 2

MEMBERSHIP

2.1 Owners Defined. All Persons described as Owners in Section 4 of the Declaration shall be members of the Association. No Person shall be a member solely by reason of holding a security interest in a Unit. A Person shall cease to be a member at such time as that Person is no longer an Owner.

2.2 Registration of Owners and Occupants. Upon request of the Association, each Owner shall register with the Secretary of the Association, in writing, (i) the name and address of each Owner of the Unit; (ii) the nature of such Owner's interest or estate in each Unit owned; and (iii) the address at which the Owner desires to receive notice of any meeting of the Owners, if other than the Unit address. Each Owner shall have a continuing obligation to advise the Association in writing of any changes in the foregoing information, and shall be obligated to provide the names of the Occupants of the Unit upon request of the Association.

2.3 Transfers. The interests, rights and obligations of an Owner in the Association may be assigned, pledged, encumbered or transferred, but only along with and as a part of the title to the Owner's Unit or as otherwise specifically authorized by the Governing Documents, the Master Governing Documents or by law.

SECTION 3

VOTING

3.1 Entitlement. Votes shall be allocated to each Unit as provided in the Declaration. However, no vote shall be exercised as to a Unit while the Unit is owned by the Association.

3.2 Authority to Cast Vote. At any meeting of the Owners, an Owner included on the voting register presented by the Secretary in accordance with Section 4.6, or the holder of such Owner's proxy, shall be entitled to cast the vote which is allocated to the Unit owned by the Owner. If there is more than one Owner of a Unit, only one of the Owners may cast the vote. If the Owners of a Unit fail to agree as to who shall cast the vote, or fail to register pursuant to Section 2.2, the vote shall not be cast.

3.3 Voting by Proxy. An Owner may cast the vote which is allocated to the Owner's Unit and be counted as present at any meeting of the Owners by executing a written proxy naming another Person entitled to act on that Owner's behalf, and delivering the same to the Secretary before the commencement of any such meeting. Unless otherwise expressly stated in the proxy, a proxy granted by an Owner shall terminate upon the earliest of the following events: (i) revocation by the granting Owner by written notice or by personally attending and voting at the meeting for which the proxy is given, (ii) the adjournment of the meeting for which the proxy is given, or (iii) the time at which the granting Owner is no longer an Owner.

3.4 Voting by Mail Ballot. Any action taken at a meeting of the Association, except the election or removal of directors, may be taken by mailed ballots, subject to the following requirements.

3.4.1 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.

3.4.2 The ballot shall: (i) set forth each proposed action and (ii) provide an opportunity to vote for or against each proposed action.

3.4.3 The Board shall set the time for the return of ballots, which shall not be less than fifteen nor more than thirty days after the date of mailing of the ballots to the Owners. The Board shall provide notice of the results of the vote to the Owners within ten days after the expiration of the voting period.

3.4.4 Approval by written ballot under this Section is valid only if (i) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and (ii) the number of approval votes equals or exceeds the number

of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

3.5 Vote Required. A majority of the votes cast at any properly constituted meeting of the Owners, or cast by mail in accordance with Section 3.4. shall decide all matters properly brought before the Owners, except where a different vote or voting procedure is required by the Governing Documents or the Act. The term "majority" as used herein shall mean in excess of fifty percent of the votes cast at a meeting, in person or by proxy, or voting by mail, in accordance with the allocation of voting power set forth in the Declaration. Cumulative voting shall not be permitted.

SECTION 4

MEETINGS OF OWNERS

4.1 Place. All meetings of the Owners shall be held at the office of the Association or at such other place in the state of Minnesota reasonably accessible to the Owners as may be designated by the Board in any notice of a meeting of the Owners.

4.2 Annual Meetings. An annual meeting of the Owners shall be held in each fiscal year on a date, and at a reasonable time and place, designated by the Board. At each annual meeting of the Owners, (i) the Persons who are to constitute the Board shall be elected pursuant to Section 6, (ii) a report shall be made to the Owners on the activities and financial condition of the Association, and (iii) any other matter which is included in the notice of the annual meeting, and is a proper subject for discussion or decision by the Owners, shall be considered and acted upon at the meeting.

4.3 Special Meetings. A special meeting of the Owners may be called by the President as a matter of discretion. A special meeting of the Owners must be called by the President or Secretary within thirty days following receipt of the written request of a majority of the members of the Board or of Owners entitled to cast at least twenty-five percent of all votes, in the Association. 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 at least seven, but no more than thirty, days in advance of any special meeting of the Owners, the Secretary shall send, to all persons who are Owners 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 Unit address or to such other address as the Owner may have designated in writing to the Secretary. Notice of meetings to vote upon amendments to the 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 twenty-five 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 fifteen days later, without notice other than announcement at the meeting as initially called. If a quorum is present at the reconvened meeting, any business may be transacted which might have been transacted at the meeting as initially called had a quorum then been present. 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 Unit owned by the Association.

4.6 Voting Register. The Secretary shall have available at the meeting a list of the Unit numbers, the names of the Owners, the vote attributable to each Unit and the name of the Person (in the case of multiple Owners) authorized to cast the vote.

4.7 Agenda. The agenda for meetings of the Owners shall be established by the Board, consistent with the Governing Documents, and shall be sent to all Owners along with the notice of the meeting.

SECTION 5

ANNUAL REPORT

The Board shall prepare an annual report, a copy of which shall be provided to each Owner at or prior to the annual meeting. The report shall contain, at a minimum:

5.1 Capital Expenditures. A statement of any capital expenditures in excess of two percent of the Association's current budget or five thousand dollars, whichever is greater, approved by the Association for the current year or succeeding two fiscal years.

5.2 Reserve Funds. A statement of the balance in any reserve or replacement fund and any portion of the fund designated for any specified project by the Board.

5.3 Financial Statements. A copy of the statement of revenues and expenses for the Association's last fiscal year, and a balance sheet as of the end of said fiscal year.

5.4 Litigation and Judgments. A statement of the status of any pending litigation or judgments to which the Association is a party.

5.5 Insurance. A detailed description of the insurance coverage provided by the Association, including a statement as to which, if any, of the terms referred to in Section 515B.3-113(b) of the Act are covered.

5.6 Status of Assessments. A statement of the total past due assessments on all Units, current as of not more than sixty days prior to the date of the meeting.

SECTION 6

BOARD OF DIRECTORS

6.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors. The first Board shall consist of the persons designated as directors by the incorporator of the Association or appointed by Declarant to replace them, subject to the rights of Owners to elect directors as set forth in Section 6.2. Upon the expiration of the terms of the members of the first Board, the Board shall be composed of five directors, a majority of whom shall be Owners, or a duly authorized representative of the Owner if the Owner is a Person other than a natural person.

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

6.2.1 The terms of all directors appointed by Declarant as authorized by the Declaration 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 a Declarant of seventy-five percent of the total number of Units authorized to be included in the Association or (iii) the date five years following the date of the first conveyance of a Unit to an Owner other than Declarant.

6.2.2 The first terms of office of the directors elected by the Owners immediately following the termination of the terms provided for in Section 6.2.1 shall be one year for two of the directors, two years for two of the directors and three years for one of the directors. Each term of office thereafter shall be three 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 number of nominees equal to the number of vacancies, and receiving the greatest numbers of votes, shall be elected, notwithstanding that one or more of them does not receive a majority of the votes cast. At the first election, the nominee or nominees receiving the greatest numbers of votes shall fill the longer terms. 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 shall be no cumulative voting for directors.

6.3 Nominations. Except for directors appointed by Declarant, nominations for election to the Board at the annual meetings shall be made by a nominating committee appointed by the Board or made from the floor at the meeting. Nominations may be submitted only by Owners (including nominations submitted by the Board), and may not be made without the prior consent of the person nominated. The nominating committee shall consist of Owners who are representative of the general membership of the Association, and shall establish fair and reasonable procedures for the submission of nominations.

6.4 Powers. Except for those powers delegated to the Master Association as described in Section 6.5, the powers of the Association shall include, without limitation, all powers necessary for the administration of the affairs of the Association, including 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. All powers of the Association shall be exercised by the Board, unless expressly reserved to the Owners by the Governing Documents or by law. To the extent not delegated to the Master Association, the Association's powers shall include, without limitation, the power to:

6.4.1 adopt, amend and revoke reasonable Rules consistent with the Governing Documents and the Master Governing Documents, as follows: (i) regulate the use of the Common Elements (if any); (ii) regulate the use of the Units, and the conduct of Owners and Occupants, which may jeopardize the health, safety, or welfare of other Owners and Occupants, which involves noise or other disturbing activity, or which may damage the Common Elements (if any) or other Units; (iii) regulate animals; (iv) regulate changes in the appearance of the Common Elements (if any) and conduct which may damage the Property, (v) regulate the exterior appearance of the Property, including, for example, exterior improvements, and signs and other displays, regardless of whether inside a Dwelling; (vi) implement the Governing Documents; and (vii) otherwise facilitate the operation of the Property;

6.4.2 adopt and amend budgets for revenues, expenditures and reserves, levy and collect assessments for Common Expenses, and foreclose Assessment liens incidental to its collection efforts;

6.4.3 hire and discharge managing agents and other employees, agents, and independent contractors;

6.4.4 institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more Owners on matters affecting the Common Elements (if any) or other matters affecting the Property or the Association, or, (ii) with the consent of the Owners of the affected Units on matters affecting only those Units;

6.4.5 make contracts and incur liabilities;

6.4.6 regulate the use, maintenance, repair, replacement and modification of the Common Elements (if any) and the Units;

6.4.7 cause improvements to be made as a part of the Common Elements (if any);

6.4.8 acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property;

6.4.9 grant easements as follows: (i) public utility and cable communications easements through, over or under the Common Elements (if any), subject to any restrictions contained in the Master Governing Documents; and (ii) other public or private easements, leases and licenses through, over or under the Common Elements (if any), subject to approval by Owners (other than Declarant) voting at an Association meeting, unless such easement, lease or license is expressly authorized by the Declaration or another previously recorded instrument;

6.4.10 impose and receive any payments, fees, or charges for services provided to Owners;

6.4.11 impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Governing Documents and the Rules;

6.4.12 borrow money, and encumber or pledge the assets of the Association as security therefor; provided that any borrowings in any calendar year which exceed, in aggregate, ten percent of the Association's annual budget for that year, shall require approval by the Owners voting at an Association meeting;

6.4.13 impose reasonable charges for the review, preparation and recording of amendments to the Declaration or Bylaws, statements of unpaid assessments, documents for subsequent buyers of Units or furnishing copies of Association records;

6.4.14 provide for the indemnification of its officers, directors and committee members, and maintain directors' and officers' liability insurance;

6.4.15 provide for reasonable procedures governing the conduct of meetings and the election of directors;

6.4.16 appoint, regulate and dissolve committees;

6.4.17 exercise any other powers conferred by law or the Governing Documents, or which are necessary and proper for the governance of the Association.

6.5 Powers of Master Association/Election of Master Board. The Association is a member of Liberty on the Lake Homeowners Association, a master association within the meaning of Minnesota Statutes Section 515B. 2-121, which is hereby exclusively authorized to exercise, the following powers on behalf of the Association:

6.5.1 To maintain (i) any Master Common Area, (ii) certain open spaces, median areas and boundary landscaping on certain public lands located adjacent to the Property, as agreed with the City, (iii) certain common signs and entrance monuments identifying the project, and (iv) Boat Docks and Boat Slips as described in the Master Declaration.

6.5.2 To control, preserve and enhance the architectural and environmental character of the Property.

6.5.3 To administer and enforce the covenants, conditions, restrictions, and other obligations set forth in the Master Governing Documents and the Master Rules.

The Board shall elect, from among its members, a number of Master Board directors specified by the Master Bylaws, all in accordance with the procedures and requirements set forth in the Master Governing Documents. In addition to their duties as directors of the Master Association, the directors elected to the Master Board by the Board shall act as liaisons between the Master Board and the Association, and shall cooperate to ensure that decisions of the Master Board are properly communicated to the Owners and Occupants, and implemented.

6.6 Meetings and Notices. An annual meeting of the Board shall be held within a reasonable time following each annual meeting of the Owners. At each annual meeting of the Board (i) the officers of the Association shall be elected, and (ii) the Association's member(s) of the Master Board shall be elected, subject to staggered election terms as prescribed by the Master Declaration.

6.6.1 Regular meetings of the Board shall be held at such times as may be fixed from time to time by a majority of the members of the Board, or, in the absence of such action, by the President. A schedule, or any amended schedule, of the regular meetings shall be provided to the directors, and made available for the information of Owners, as provided in Section 6.6.5.

6.6.2 Special meetings of the Board shall be held when called (i) by the President of the Association, or (ii) by the President or Secretary within ten days following the written 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 6.6.3. Notice to a director shall be deemed to be given (i) when deposited in the United States mail postage prepaid to the Unit address of such director, or such other address designated by the director in writing to the Secretary of the Association, (ii) when sent by facsimile to a number designated in writing by the director, or (iii) when personally delivered, orally or in writing, by a representative of the Board to the director.

6.6.3 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.

6.6.4 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.

6.6.5 Except as otherwise provided in this Section, meetings of the Board must be open to the Owners. To the extent practicable, the Board shall give reasonable notice to the Owners of the date, time, and place of each Board meeting. If the date, time and place of meetings are provided for in the Declaration, Articles, Bylaws, announced at a previous meeting of the Board, posted in a location accessible to the Owners and designated by the Board from time to time, or if an emergency requires immediate consideration of a matter by the Board, notice is not required. "Notice" has the meaning given in Section 11.1. Notwithstanding the foregoing, meetings may be closed at the discretion of the Board to discuss the following:

6.6.5.1 personnel matters;

6.6.5.2 pending or potential litigation, arbitration or other potentially adversarial proceedings between Owners, between the Board or Association and Owners, or other matters in which any Owner may have an adversarial interest, if the Board determines that closing the meeting is necessary to discuss strategy or to otherwise protect the position of the Board or Association or the privacy of an Owner or Occupant of a Unit; or

6.6.5.3 criminal activity arising within the Property 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 Section imposes a duty on the Board to provide special facilities for meetings. The failure to give notice as required by this Section shall not invalidate the Board meeting or any action taken at the meeting.

6.6.6 All Board meetings shall be open to any member of the Master Board designated to attend the meeting as the Master Board's representative.

6.7 Quorum and Voting. A majority of the members of the Board shall constitute a quorum for the transaction of business at any meeting thereof. A quorum, once established, shall continue to exist, regardless of the subsequent departure of any directors. Each director shall have one vote. The vote of a majority of the directors present at any meeting at which a quorum is present shall be sufficient to adopt any action. Proxies shall not be permitted.

6.8 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.

6.9 Vacancies. A vacancy in the Board, other than those described in Sections 6.1, 6.2 and 6.10, shall be filled by a person elected within thirty days following the occurrence of the vacancy by a majority vote of the remaining directors, regardless of their number. Each person so elected shall serve out the term vacated.

6.10 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 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 the payment of assessments or installments thereof on the director's Unit. Such vacancies shall be filled by the vote of the Owners as previously provided in this Section.

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

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

SECTION 7

OFFICERS

7.1 Principal Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the 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 and Vice President. Only the President and Vice President must be members of the Board.

7.2 Election. The officers of the Association shall be elected annually by the Board at its annual meeting and shall hold office at the pleasure of the Board.

7.3 Removal. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, with or without cause, and a successor elected, at any regular meeting of the Board, or at any special meeting of the Board called for that purpose.

7.4 President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Board and the Association. The President shall have all of the powers and duties which are customarily vested in the office of president of a corporation, including without limitation the duty to supervise all other officers and to execute all contracts and

similar obligations on behalf of the Association. The President shall have such other duties as may from time to time be prescribed by the Board.

7.5 Vice President. The Vice President shall take the place of the President and perform the duties of the office whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be prescribed by the Board.

7.6 Secretary. The Secretary 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. The Board may delegate the Secretary's administrative functions to a managing agent; provided, that such delegation shall not relieve the Secretary of the ultimate responsibility for the Secretary's duties.

7.7 Treasurer. The Treasurer shall have responsibility for all financial assets of the Association, and shall be covered by a bond or insurance in such sum and with such companies as the Board may require. The Treasurer shall (i) be responsible for keeping the Association's financial books, assessment rolls and accounts; (ii) cause an annual financial report to be prepared, subject to review by the Association's accountants; (iii) cause the books of the Association to be kept in accordance with generally accepted accounting practices and shall submit them to the Board for its examination upon request; (iv) cause all moneys and other monetary assets of the Association to be deposited in the name of or to the credit of the Association in depositories designated by the Board; (v) cause the proper obligations of the Association to be paid when due; and (vi) perform all other duties incident to the office of Treasurer. The Board may delegate the Treasurer's administrative functions to a managing agent; provided, that such delegation shall not relieve the Treasurer of the ultimate responsibility for the Treasurer's duties.

7.8 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, officers of the Association shall receive no compensation for their services in such capacity. 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. Officers may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

SECTION 8

OPERATIONS

8.1 General. All powers and authority of the Association shall be delegated to and exercised by the Board, unless (i) expressly reserved to the Owners or (ii) authorized to be exercised by the Master Association, by the Governing Documents or by the Master Governing Documents.

8.2 Assessment Procedures. The Declarant and Master Developer shall determine when the first Assessment or Master Assessment, respectively, is levied. Thereafter, the Association shall annually prepare a budget of Common Expenses attributable to the Association, including the Association's share of annual Assessments levied by the Master Association, and shall levy the Assessments equally against the Units, subject to Assessments levied pursuant to Section 6.4 of the Declaration

8.2.1 The annual Assessment shall be levied against all Units effective as of the first day of the Association's fiscal year when the first Assessment installment is due, as determined by the Board, and notice shall be given to the Owners at least thirty days prior to the due date. The failure to timely levy or give notice of 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.

8.2.2 The Board may amend the budget and Assessments, or levy a special Assessment, at any time, and shall do so promptly if the Master Association amends its budget or levies a Master Special Assessment or Village Assessment. The levy shall be deemed to occur upon the date specified in the resolution which fixes the Assessment.

8.2.3 The Board may levy limited Assessments against only certain Units under Sections 6 of the Declaration. Such Assessments may be included in the Assessments levied annually against the affected Units or may be levied separately during the year. Such Assessments are not annual or special Assessments within the meaning of the Governing Documents.

8.2.4 The budget may include a general operating reserve, and shall include an adequate reserve fund for maintenance, repair and replacement of the Common Elements (if any) and any parts of the Units that must be maintained, repaired or replaced by the Association on a periodic basis.

8.2.5 The Association shall furnish copies of each budget on which the Assessment is based to an Owner, upon request of the Owner.

8.3 Payment of Assessments. Unless otherwise designated by the Board or the Governing Documents, annual Assessments shall be due and payable in monthly installments in advance on the first day of each month of the year or other period for which the Assessments are made, and special and limited 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 or the Master Association with respect to any Assessments, or late charges or costs of collection, regardless of any claims alleged against the Association or the Master Association or their officers or directors. Any rights or claims alleged by an Owner may be pursued only by separate action.

8.4 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 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.

8.4.1 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 ten days' prior written notice to the Owner, and the entire unpaid balance of the Assessment and late charges shall become due and payable upon the eleventh day following the giving of the notice unless all past due amounts, including late charges, costs of collection and fines, are paid prior to said date.

8.4.2 The Board shall have the right and duty to attempt to recover all Assessments on behalf of the Association and the Master Association, together with any charges, attorneys' fees or expenses relating to the collection thereof. In addition, the Board shall have the right and duty to attempt to recover any and all collection or contingency fees or costs charged to the Association by a collection agency or other Person acting on behalf of the Association in collecting any delinquent amounts owed to the Association by an Owner or Occupant.

8.4.3 The rights and remedies referred to herein shall in no way limit the remedies available to the Association or Master Association under the Declaration, the Master Governing Documents or by law.

8.5 Foreclosure of Liens for Unpaid Assessments. The Association has the right to foreclose a lien against a Unit for Assessments imposed by the Association, as more fully described in the Declaration.

8.6 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 of the Association, names of the Owners, and detailed and accurate records of the receipts and expenditures of the Association. Separate accounts shall be maintained for each Unit, setting forth the amount of the Assessments against the Unit, the date when due, the amount paid thereon and the balance remaining unpaid. 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 the Owners upon reasonable notice and during normal business hours.

8.7 Financial Review. The Board shall cause the financial records of the Association to be "reviewed" by an independent certified public accountant on an annual basis, pursuant to the requirements of Section 515B.3-121 of the Act. This requirement may be waived, on an annual basis, by the vote of Owners holding at least thirty percent of the total votes in the Association. The waiver must be approved prior to sixty days after the end of the Association's fiscal year, or

within such other period as may be provided by the Act, as amended from time to time. The Board may require the review or an audit notwithstanding a waiver vote by the Owners.

8.8 Enforcement of Obligations. All Owners and Occupants and their guests are obligated and bound to observe the provisions of the Master Governing Documents, the Governing Documents, the Rules, the Master Rules and the Act. The Association may impose any or all of the charges, sanctions and remedies authorized by the Master Governing Documents, the Governing Documents or by law to enforce and implement its rights and to otherwise enable it to manage and operate the Association.

SECTION 9

AMENDMENTS

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

9.1 Approval. The amendment must be approved by:

9.1.1 The Board,

9.1.2 Owners who have authority to cast in excess of fifty percent of the total votes in the Association, in writing or at a duly held meeting of the Owners,

9.1.3 The Master Board as to matters which affect the rights or obligations of the Master Association, or the relationship between the Master Association and the Association, and

9.1.4 Declarant, if so provided in the Declaration.

9.2 Notice. A copy of the proposed amendment and, if a meeting is to be held, notice of such meeting, shall be mailed by U.S. mail, or hand delivered, to all Owners authorized to cast votes and the Master Board; and

9.3 Effective Date. The amendment shall be effective on the date of approval by the required vote of the Owners and need not be recorded. If recorded, the amendment shall be recorded in the office of the recording officer for the county in which the Property is located.

SECTION 10

INDEMNIFICATION

The Association shall, to the extent the alleged 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 11

MISCELLANEOUS

11.1 Notices. Unless specifically provided otherwise in the Declaration or these Bylaws, all notices required to be given by or to the Association, the Board, the Master Association, the Master Board, the officers of the Association or Master Association, 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 United States mail; except that registrations pursuant to Section 2.2 shall be effective upon receipt by the Association.

11.2 Severability. The invalidity or unenforceability of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

11.3 Captions. The captions in these Bylaws are inserted only as a matter of convenience and for reference and in no way limit or proscribe the scope of these Bylaws or the intent of any provision hereof.

11.4 Conflicts in Documents. In the event of any conflict between the provisions of the Master Governing Documents and the Governing Documents or Rules, the Master Governing Documents shall control. As among the Declaration, these Bylaws and the Rules, the Declaration shall control. The Bylaws shall control as against the Rules. The Master Rules shall control as against the Rules.

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

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

11.7 Fiscal Year. The fiscal year of the Association shall be as determined by the Board.

The undersigned certifies that these were Bylaws were adopted by the first Board of the Lifestyle Village Homeowners Association, a Minnesota nonprofit corporation, effective as of the date hereof.

Dated: _____

Secretary
Lifestyle Village Homeowners Association