

BYLAWS OF
SALEM CHURCH CONDOMINIUM

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BY LAWS OF THE
SALEM CHURCH CONDOMINIUM ASSOCIATION
WASHINGTON COUNTY COMMON INTEREST COMMUNITY NUMBER 80

ARTICLE I - THE ASSOCIATION

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

Section 2. Association's Registered Office. The Association's Registered Office is located at 320 4th Street South, Stillwater, Minnesota 55082. 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, VOTING RIGHTS
AND MEETINGS OF MEMBERS

Section 1. Membership. The Association shall have members. The Person who owns a Unit, or if more than one Person owns a Unit, all Persons who own the Unit, collectively, shall have membership rights in the Association. If a Person is the sole owner of a Unit, the Person is a Member of the Association. If more than one Person owns a Unit, all Persons who own the Unit are considered to be, collectively, a single Member of the Association. Acceptance of an ownership interest in a Unit shall constitute consent to admission as a Member of the Association. If a Member ceases to be an Owner or the Owners of a Unit, the membership in the Association shall automatically terminate. Only Owners of Units may be Members. The number of Members shall, at all times, equal the number of Units in the Common Interest Community.

Section 2. Annual Meetings. There shall be an annual meeting of the Members. The first annual meeting of the Members shall be held on the second Tuesday in October, 1995. Thereafter, the annual meetings of the Members shall be held on the second Tuesday in October of each succeeding year or at such other time and place as the Board may, from time to time, reasonably determine. At each annual meeting of the Members:

(a) The Members shall elect successors for directors whose terms have expired or whose terms expire at the annual meeting;

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

(c) The Members shall consider and act upon any other matters included in the notice of meeting.

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

(a) The Board adopts a resolution directing the president to call a special meeting;
or

(b) Twenty five percent of the Members with voting rights 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.

No business shall be transacted at a special meeting except as stated in the notice of meeting.

Section 4. Determination of a Record Date and Suspension of Members. The Board may fix a date not more than 60 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 Members on the Record Date are entitled to notice of and are permitted to vote at the meeting. After determining the Record Date, the Board shall prepare an alphabetical list of the names of the Members who are entitled to notice of the meeting and are entitled to vote at the meeting. The list must show the address and number of votes each Member is entitled to vote at the meeting. If a Member is delinquent in the payment of assessments levied against the Member's or otherwise in violation of the Project Documents as of the Record Date, the Board shall provide the delinquent Member with notice of the meeting, but the Board may suspend the Member and prohibit the Member from voting at the meeting. To suspend a Member, the Board shall provide the Member, along with the notice of a meeting, a notice that the Member is delinquent in the payment of assessments levied against the Member's Unit or otherwise in violation of the Project Documents and that the Member will be suspended and prohibited from voting at the meeting unless the Member pays all assessments due and payable as of the Record Date or otherwise cures the Member's violation of the Project Documents. The Board must provide the Member an opportunity to be heard by the Board not less than 5 days before the effective date of the suspension. After the opportunity for a hearing, the Board shall decide, by resolution, whether or not to enforce the suspension.

Section 5. Preparation of Member List. After affixing the Record Date for determining Member's right to receive notice of and to vote at a meeting, the Board shall 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 show the address and number of votes each Member is entitled to vote 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, continuing through the date of the meeting, and the Board must make the list of Members available to Members for inspection. The list must be available at the Association's principle place of business 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.

Section 6. Notice of Meetings. The secretary shall deliver a notice of each annual or special meeting of the Members to each Member at least 21 days prior to an annual meeting and at least 7 days prior to a special meeting, but the Secretary may not deliver the notice of meeting more than 30 days prior to an annual or special meeting. The notices shall 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 shall 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 shall hold meetings of the Members at the Association's office, if any, or such other location, reasonably convenient to the Members that the Board designates

Section 8. Conduct of Meetings and Quorum Requirement. The Board may establish reasonable 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 75% of the total number of eligible votes in the Association constitutes a quorum.

Section 9. Adjourned Meetings. If any meeting of Members cannot be organized for lack of 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 48 hours from the time the original meeting was called and this process may be continued until a quorum can be obtained.

Section 10. Voting Rights. Section 7 of the Declaration establishes the procedure for calculating the Fractional Allocation which determines the number of membership votes in the Association assigned to each Unit. The Fractional Allocation assigned to each Unit is a fraction, the numerator of which is 1 and the denominator of which is the number of units in the Common Interest Community. As set forth in Section 1 of this Article II, the number of Members in the Association is always equal to the number of Units in the Common Interest Community. Therefore, each Member is entitled to one vote on Association matters. Members may cast a vote 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(6). If there is more than one Owner of a Unit, only one of the Owners may cast the membership vote allocated to the Unit. If the Owners of a Unit fail to agree as to who shall cast the vote, the vote shall not be cast.

Section 11. Proxies. A Member may execute a written proxy statement appointing a third party to cast the Members vote at an annual or special meeting of the Members. The member must deliver the proxy statement to the Association secretary before the scheduled time of the meeting. A proxy statement shall be valid for a period of 11 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 proxy may be revoked, 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.

Section 12. Action of the Members. If a quorum is present or if a quorum has been present at a meeting, the affirmative vote of the majority of Members, present and entitled to vote, which must also be 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 a Declarant or a Declarant's designee appoints pursuant to Section 2 below shall be an Owner, or if an Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, a designated agent of such corporation, partnership or other legal entity, or beneficiary of such trust. After a Declarant's right to appoint directors pursuant to Section 2 expires, a majority of the directors shall be 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 has three members.

Section 3. Members' Election of Directors; Number of Directors. The Board shall have three members until the date Declarant has conveyed 75% of the Units to Purchasers. Within 60 days of the date a Declarant has sold 75% of the Units to Purchasers, the Board shall call and hold an annual or special meeting of the Members. At that meeting the Members shall elect three directors or reelect the three existing directors. From and after that election, the Board shall consist of three directors. The term of office of one director shall be fixed for 3 years; the term of office of one director shall be fixed at 2 years; and the term of office of one director shall be fixed at 1 year. Thereafter, all directors shall serve for three year terms. Directors take office upon election and hold office until they resign, the Members remove them pursuant to Section 5 below or their terms expire and the Members elect successor directors. To calculate the percentage of Units a Declarant has sold to Purchasers, the number of Units a Declarant has sold to Purchasers is divided by the total number of Units which the Declarant has built.

Section 4. Vacancies. If a vacancy occurs on the Board as a result of a directors death or resignation, a majority of the remaining directors shall vote to fill the vacancy even though the remaining directors may constitute less than a quorum. Each director so elected shall be a director until the next annual meeting of the Members at which time the Members shall elect a successor to serve the remainder of the original director's term. If the original director's term has expired, the Members shall elect a successor director.

Section 5. Removal of Directors. The Declarant or a designee of the Declarant may remove directors that a Declarant or a designee of a Declarant appointed and appoint a successor director. The Members may, with or without cause, remove a director whom the Owners elect, but not a director designated in the Articles of Incorporation or a director that the Declarant appointed, at any annual or special meeting duly called, and the Members shall immediately elect a successor to fill the vacancy created. If the Members propose the removal of a director, the director shall be given an opportunity to be heard before the Members vote on the director's removal.

Section 6. Organizational Meeting of Elected Directors. A newly elected Board shall hold its first meeting within 10 days of its election at a place a majority of the directors present at the election shall determine and announce at the election. No additional notice of the initial meeting shall be necessary.

Section 7. Regular Meetings. The Board shall hold regular meetings at the times and places the Board determines and announces at the Board's previous meeting. The Board shall hold at least two regular meetings each year.

Section 8. Special Meetings. Any director may call a special meeting of the Board on 5 days notice to each director. The notice shall be given personally, by mail or by telephone and shall state the date, time, place and purpose of the meeting.

Section 9. 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 10. Open Meeting Rule and Notice to Members. Board meetings must be open to the Owners. To the extent practicable, the Board shall give reasonable notice to the Owners of the date, time, and place of a Board meeting. If the date, time, and place of meetings are provided for in the Declaration, Articles of Incorporation, or Bylaws; announced at a previous meeting of the Board; posted in a location which the Board designates, from time to time, which is accessible to the Owners; or if an emergency requires the Board to consider a matter immediately, notice is not required. "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. The failure to give notice as required by this subsection shall not invalidate the Board meeting or any action taken at the meeting.

Section 11. 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 would be required for a meeting, and if the number of directors participating in the conference would be sufficient to constitute a quorum at the meeting. The participation in the meeting by that means constitutes a directors presence, in person, at the meeting.

Section 12. Quorum and Actions of the Board. A majority of the directors shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the directors present at a duly held meeting at which a quorum is present shall be the acts of the Board.

Section 13. Powers and Duties. The Board shall have 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;

(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 (including prohibiting use), maintenance, repair, replacement and modification of Common Elements and Units;

(g) Make improvements to the Common Elements provided the cost of improvements shall not exceed \$25,000 per improvement or \$50,000 for all improvements over a 12 month period unless a majority of the Members vote to approve the project at attending a special or annual meeting of the Members. This limitation on improvements shall 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. §515B.3-112;

(i) Grant public utility easements through, over or under the Common Elements, and, subject to approval by resolution of a majority of Members other than a Declarant or an Affiliate of a Declarant at a meeting duly called, 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) Provide for reasonable procedures governing the conduct of meetings of the Members and the election of directors;

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

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

ARTICLE IV - OFFICERS

Section 1. Required Officers; Election and Appointment of Officers. The Association shall have a president, a vice president, and a secretary-treasurer. The Declarant shall appoint the officers during the period of time Declarant is entitled to appoint directors as set forth in Article III. Thereafter, the Board shall elect officers annually at the organizational meeting of each new Board. The president, vice president and secretary-treasurer shall be directors. The Board may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary.

Section 2. Removal of Officers. The Board may, by affirmative vote, remove any officer either with or without cause. The board shall 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 shall be the chief executive officer of the Association. He or she shall have general active management of the Association and shall, when present, preside at all meetings of the Association and the Board. He or she shall have all of the general powers and duties which are 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 shall take the place of the president and perform his or her duties whenever the president shall be absent or unable to act. If neither the president nor the vice president is able to act, the Board shall appoint a director to act as president on an interim basis. The vice president shall also perform such other duties as the Board may impose on him or her.

Section 6. Secretary-Treasurer. The secretary-treasurer shall maintain records of and, when necessary, certify to proceedings of the Board and the members. He or she shall keep accurate financial records of the Association; deposit money and 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 disperse 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.

ARTICLE V - BUDGET AND ASSESSMENTS

Section 1. Budget Preparation. Before a Declarant conveys the first Unit to a Purchaser and on and before November 1 of each year, the Board shall prepare a proposed budget for the Association. The first proposed budget shall be for the period commencing on the first day of the month in which the Board anticipates that the Declarant will close on the sale of the first Unit to a Purchaser and ending on December 31 of that year. Subsequent budgets shall be for the upcoming calendar year. Proposed budgets shall set forth the Board's estimate of the Common Expenses for the budget period.

Section 2. Assessment Role Preparation. Contemporaneously with the preparation of each budget, the Board shall prepare an assessment role. The assessment role shall allocate to each Unit, as its annual assessment for the upcoming year, an amount determined by multiplying the Association's estimated income requirements for the upcoming year, based on the proposed budget, by that Unit's Fractional Allocation, as defined in the Declaration; provided, however, the Board:

(a) Shall assess any Common Expense associated with the maintenance, repair or replacement of a Limited Element equally against the Units to which Limited Element is assigned:

(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 provide to that Unit or the type or 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 endorsement 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) Shall assess Common Expenses to pay a judgement against the Association only against and equally among the Units that were a part of the Common Interest community at the time the judgement 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 is not covered by the Association's insurance against the Owner's or occupant's Unit.

The assessment role shall also calculate the amount of the monthly installment of the annual assessment for each Unit.

Section 3. Budget Adoption and Assessment Levy. The Board shall provide each Owner with a copy of the proposed budget and assessment role for the upcoming year on or before November 1 of each year. Before the Declarant conveys the first Unit to a Purchaser and between December 1 and December 31 of each year thereafter, the Board shall, by resolution, adopt an annual budget and levy annual assessments. The Board shall base the annual budget and the annual assessments on the proposed budget and the assessment role, 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, 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 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 January 1 of each 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). Such special assessments shall be levied in the same manner as annual assessments and shall be 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 shall 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 shall continue to pay the monthly assessment established for the previous period 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 shall be payable to the Board or as the Board directs in equal monthly installments of the first day of each month of each 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 shall be jointly and severally liable for all assessments. Owners may not withhold payment of annual or special assessments or reduce the amount of the Owners 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 10 days of the date due, the payment shall immediately become delinquent and shall begin to accrue interest. Interest shall accrue as of the date of such delinquency at the judgement 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 60 days delinquent in the payment of any monthly installment the Board may, upon 10 days written notice to the Owner, declare the entire amount of the assessment immediately due and payable in full. The Association shall have a lien against the Unit for the amount of any unpaid assessments, 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 shall include the amount of all unpaid regular or special assessments, interest and any late charges as described above, and all costs of collection, including actual attorney fees.

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

Section 1. Books and Records. The Board shall 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 shall keep or cause to be kept financial records sufficiently detailed to enable the Association to comply with Section 3 and 4 below. The Association's records shall be kept at the registered office of the Association. The Board shall 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 shall prepare an annual report and distribute it to each member on or before the earlier of the date of the annual meeting of the Members or April 1st of each year. The annual report shall contain, at a minimum, the following:

(a) A Statement of any capital expenditures in excess of the 2% 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 judgements 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 60 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 shall provide the Owner or Owner's authorized representative with a resale disclosure certificate satisfying the requirements of the Act. The Association shall provide the certificate within 10 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 shall 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 shall 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 shall be prepared in accordance with generally accepted accounting principles as established from time to time by the American Institute of Certified Public Accountants, and shall be reviewed in accordance with standards for accounting and review services. The financial statement shall be presented on the full accrual basis using an accounting format that separates operating activity from replacement reserve activity. The reviewed financial statement shall be delivered to all members of the Association within 120 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 30 days prior to the end a fiscal year, owners holding at least 75% of the votes in the Association vote, at an annual or special meeting of the Association or my mailed ballot, to waive the review requirement for that fiscal year. A waiver vote shall not apply to more than one fiscal year, and shall 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 75% of the Units and the holders of first

mortgages on at least 51% 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 the Association must record the amendment in the appropriate county land records. During the period that the Declarant is in control of the Association, the Bylaws may not be Amended without the prior written consent of the VA.

ARTICLE VIII - NOTICES

Section 1. Notice of Change of Residence. If the Owner is not residing in the Owner's Unit, the Owner shall 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 shall maintain such information in a record book.

ARTICLE IX - INDEMNIFICATION

Section 1. General. The Association shall 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 shall 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 AND COMPLIANCE WITH THE ACT

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

Section 2. Compliance With the Act. These Bylaws are set forth to comply with the requirements of the Act, Minn. Stat. Ch. 317A and the Declaration. In case any of these Bylaws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the Act will apply unless expressly stated otherwise.

The foregoing Bylaws of Salem Church Condominium Association, a Minnesota non-profit corporation, were adopted by action of its Board of Directors on the 18 day of July, 1995.

By Beverly A. LeTourneau
Beverly A. LeTourneau
Its President

By Richard Johnson
Richard Johnson
Its Secretary-Treasurer

STATE OF MINNESOTA)
)SS.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this 18 day of July, 1995, by Beverly A. LeTourneau and Richard David Johnson, the President and Secretary-Treasurer of Salem Church Condominium Association, a Minnesota non-profit corporation, on behalf of the corporation.

Barbara A. Benesch
Notary Public

This instrument was drafted by:
Edward W. Simonet, III
Attorney at Law
522 South Fourth St.
PO BOX 16
Stillwater, MN 55082
(612) 439-5787
A.R.N. 101217



State of Minnesota)
County of Ramsey) S.S.

On this 18 day of July, 1995, before me personally appeared Richard Johnson whom I know personally whose identity was proved to me on the oath of a credible witness by me duly sworn/whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged that he/she executed the same.

L.S. Barbara A. Benesch
Notary Public
My Commission Expires 1-31-2000