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397438

APPROVED FOR FILING  
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**3540 JAMES AVENUE SOUTH, INC.**  
**AMENDED AND RESTATED BYLAWS**

**SECTION 1**

**GENERAL**

These are the Amended and Restated Bylaws (the "Bylaws") of 3540 James Avenue South, Inc. (the "Cooperative"), a Minnesota cooperative subject to and governed by Minnesota Statutes Chapter 308A (the "Act"). The Cooperative and the Property are not subject to Minnesota Statutes Chapter 515B ("Chapter 515B"), known as the Minnesota Common Interest Ownership Act ("MCIOA").

**SECTION 2**

**DEFINITIONS**

The following words, when used in the Governing Documents shall have the following meanings (unless the context indicates otherwise):

2.1 "Act" means Minnesota Statutes Chapter 308A, known as the Minnesota Cooperative Law.

2.2 "Apartment" means a part of the Property within a Building, other than the Common Elements, including one or more than one room or enclosed space, designed and intended for separate occupancy and use as a single family residence pursuant to a Lease, as described in Section 7.

2.3 "Articles of Incorporation" means the Amended and Restated Articles of Incorporation of the Cooperative, as amended, restated, and/or supplemented from time to time.

2.4 "Assessments" means all assessments and other amounts levied or assessed by the Cooperative pursuant to these Bylaws or the Act, including, without limitation, annual Assessments (commonly known as "dues" or "rent"), special Assessments, and limited Assessments.

2.5 “Blanket Mortgage” means a mortgage (and all financing documents relating thereto) encumbering the entire Property and under which the Cooperative is the mortgagor.

2.6 “Board” means the Board of Directors of the Cooperative as provided for in these Bylaws.

2.7 “Building” means a structure which is or becomes a part of the Property and which contains one or more than one Apartment.

2.8 “Bylaws” means these Amended and Restated Bylaws governing the operation of the Cooperative, as amended, restated, and/or supplemented from time to time.

2.9 “City” means Minneapolis, Minnesota.

2.10 “Common Elements” means all parts of the Property except the Apartments, including all improvements thereon, owned by the Cooperative for the common benefit of the Members and Occupants.

2.11 “Common Expenses” means expenditures made or liabilities incurred by or on behalf of the Cooperative and incident to its operation, including, but not limited to, Assessments and other items specifically identified as Common Expenses in these Bylaws, and including reserves.

2.12 “Cooperative” means 3540 James Avenue, Inc., a Minnesota cooperative now governed by Act, whose members are the Members as defined herein.

2.13 “Governing Documents” means these Bylaws and the Articles of Incorporation, as amended, supplemented, and/or restated from time to time, all of which shall govern the use and operation of the Property.

2.14 “Lease” means the lease agreement entered into between the Cooperative and a Member, whereby the Member is granted the exclusive right to occupy a specific Apartment.

2.15 “Limited Common Elements” means a portion of the Common Elements allocated by these Bylaws for the exclusive use of one or more than one Apartment, but fewer than all of the Apartments.

2.16 “Member” means a Person who is a member of the Cooperative by reason of owning Stock and executing a Lease.

2.17 “Membership” means all rights and interests of a Member in the Cooperative and in an Apartment, including, but not limited to, the Member’s Stock, the Member’s Lease, a Stall license issued pursuant to Section 4.3 (to the extent a Stall license is issued by the Cooperative to the Member), a Storage Room license issued pursuant to Section 4.4 (to the extent a Storage Room license is issued by the Cooperative to the Member), and the Member’s rights, interests, and obligations set forth in and arising from the Member’s Lease and the Governing Documents.

2.18 “Occupant” means any person, other than a Member, in possession of or residing in an Apartment.

2.19 “Parking Garage” means the Common Element indoor vehicle parking garage located within the lowest level of the Building.

2.20 “Person” means a natural individual, corporation, limited liability company, partnership, limited liability partnership, trustee, or other legal entity capable of holding title to real property.

2.21 “Property” means collectively all of the real property subject to the Governing Documents and owned by the Cooperative, including all improvements located thereon, now or in the future. The Property as of the date of these Bylaws is legally described in Exhibit A attached hereto.

2.22 “Rules and Regulations” means the Rules and Regulations of the Cooperative as approved from time to time pursuant to Section 13.6.

2.23 “Secured Party” means a Person who has been granted a security interest in, or a pledge in, Stock.

2.24 “Stock” means the shares of stock in the Cooperative issued to a Member pursuant to the Governing Documents and a Lease.

2.25 “Stock Certificate” means certificate issued by the Cooperative evidencing the Stock owed by a Member, and which is evidence of a Membership.

2.26 “UCC” means Minnesota Statutes Sections 336.9-101 through and including 336.9-709, known as the Uniform Commercial Code – Secured Transactions, as amended from time to time.

Any terms used in the Governing Documents, and defined in the Act but not in this Section, shall have the meaning set forth in the Act. References to section numbers in these Bylaws shall refer to sections of these Bylaws, unless otherwise indicated.

### **SECTION 3**

#### **DESCRIPTION OF APARTMENTS, BOUNDARIES, AND RELATED EASEMENTS**

3.1 Apartments. There are fourteen Apartments. Each Apartment is restricted to residential use (regardless of whether an Apartment is subleased or otherwise non-Member occupied). No additional Apartments may be created by the subdivision or conversion of Apartments; however, Apartments may be altered or combined, but only if approved in writing by, and pursuant to all requirements that may be established from time to time by, the Cooperative. The schedule of Apartments is set forth on Exhibit B attached hereto. The Members shall use and occupy Apartments subject to the Leases entered into by the Members, and subject to the Governing Documents, the Rules and Regulations, and the Act.

3.2 Apartment Boundaries. The boundaries of each Apartment shall be the interior unfinished surfaces of its perimeter walls, floors, and ceilings. Wallpaper, paneling, tiles, paint, floor covering, and any other finishing materials applied to the interior surfaces of the perimeter walls, floors, and ceilings shall be part of the Apartment, and all other portions of the perimeter walls, floors, and ceilings are part of the Common Elements; provided, that any load bearing portions of any interior or perimeter walls, any columns, ceilings, or floors, and any common utility lines or other common facilities located in or passing through an Apartment or any portion thereof, shall be Common Elements. The boundaries of each Apartment shall also extend along the inside unfinished surfaces of its perimeter doors and windows, and their frames, and said perimeter doors, windows, and frames, and their hardware, shall be deemed to be Limited Common Elements appurtenant and allocated to such Apartment. Subject to this Section and Section 4.2, all spaces, interior partitions, and other fixtures and improvements within the boundaries of an Apartment are a part of the Apartment.

3.3 Easements. The Apartments (and the Members and/or the Occupants) and the Common Elements shall be subject to and benefited by the easements described in Section 20.

## SECTION 4

### COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

4.1 Common Elements. The Common Elements and their characteristics are as follows:

4.1.1 All portions of the Property not included within the Apartments constitute Common Elements.

4.1.2 The Common Elements shall be subject to appurtenant easements for services, public and private utilities, access, use, and enjoyment in favor of each Apartment and its Members and Occupants, subject to (i) the specific rights of Members and Occupants in easements for improvements designed to serve exclusively the Apartments and in Limited Common Elements appurtenant to the Apartments and (ii) the right of the Cooperative to establish reasonable Rules and Regulations governing the use of the Property.

4.1.3 Except as otherwise expressly provided in the Governing Documents, (i) no improvement, modification, construction, or change of the Common Elements shall take place by a Member or Occupant without prior written authorization by the Board and (ii) all maintenance, repair, replacement, improvement, management, and operation of the Common Elements shall be the responsibility of the Cooperative except as set forth in other provisions of these Bylaws.

4.1.4 Common Expenses for the maintenance, repair, replacement, management, and operation of the Common Elements shall be assessed and collected from the Members in accordance with Section 14 and other relevant provisions of these Bylaws.

4.2 Limited Common Elements. The Limited Common Elements are those parts of the Common Elements reserved for the exclusive use of the Members and the Occupants occupying the Apartments to which the Limited Common Elements are allocated, as described in these Bylaws. The rights to the use and enjoyment of the Limited Common Elements are automatically conveyed to a Member at the time the Member enters into a Lease for an Apartment. The Limited Common Elements are described and allocated to the Apartments as follows:

4.2.1 Those items or areas designated as Limited Common Elements by these Bylaws.

4.2.2 Except as otherwise provided in these Bylaws, improvements within the Property such as shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, decks, patios, perimeter Apartment doors and windows, and their frames, constructed as part of the original construction to serve one or more than one Apartment, and authorized replacements and modifications thereof under these Bylaws, if located wholly or partially outside the boundaries of the Apartment, are Limited Common Elements allocated solely to each Apartment served.

4.2.3 Except as otherwise provided in these Bylaws, if any chute, flue, duct, wire, pipe, conduit, bearing wall, bearing column, or other fixture or improvement: (i) serves one or more than one Apartment, but fewer than all Apartments, and is located wholly or partially outside the boundaries of an Apartment, it is a Limited Common Element allocated solely to the Apartment or Apartments served; (ii) serves all Apartments or any portion of the Common Elements, it is a part of the Common Elements; or (iii) serves only the Apartment and is located wholly within the boundaries of the Apartment, it is a part of the Apartment.

4.2.4 Heating, ventilating, or air conditioning equipment serving one or more than one Apartment, and located wholly or partially outside the boundaries of one or more than one Apartment, are Limited Common Elements allocated to the Apartment or Apartments served by such equipment.

4.3 Garage Stalls. The Parking Garage includes Common Element vehicle parking stalls (collectively the "Stalls" or individually a "Stall").

4.3.1 The Stalls are allocated to the Apartments, as set forth in the records of the Cooperative. The use, operation, and transfer of the Stalls shall be governed by the procedures and policies established by the Cooperative from time to time (whether by the Rules and Regulations, or otherwise); provided, that the allocation of a Stall to an Apartment as of the date of these Bylaws shall not be altered or modified except with the written approval of the Cooperative and of the Member having the right to occupy the Apartment (pursuant to a Lease) to which the Stall is allocated. At the request of a Member, the Cooperative shall issue to that Member a written confirmation of the Stall allocated to the Apartment that the Member has a right to occupy pursuant to a Lease.

4.3.2 Members may rent to, or allow the use of their Stall by, only another Member or an Occupant. The lease or other use right shall be in written form, and shall terminate when the lessor, lessee, or other user is no longer a Member or an Occupant, regardless of the terms of any agreement to the contrary. The Member shall give the Cooperative advance written notice of any lease or use agreement with respect to such Member's Stall, and shall provide a copy of the lease or use agreement to the Cooperative upon its request. The Cooperative may hold, convey, and transfer a Stall assigned to it or allocated to an Apartment to which it has acquired the occupancy rights thereof pursuant a lien foreclosure or otherwise, and may rent, or permit guest or handicap parking within, such Stall.

4.3.3 The use of the Stalls and the Parking Garage, and the size and types of cars and other vehicles and personal property which may be kept in the Parking Garage, are subject to the restrictions set forth in these Bylaws and in the Rules and Regulations approved from time to time by the Board.

4.4. Storage Rooms. The Building includes Common Element storage rooms (collectively the "Storage Rooms" or individually a "Storage Room").

4.4.1 The Storage Rooms are allocated to the Apartments, as set forth in the records of the Cooperative. The use, operation, and transfer of the Storage Rooms shall be governed by the procedures and policies established by the Cooperative from time to time (whether by the Rules and Regulations, or otherwise); provided, that the allocation of a Storage Room to an Apartment as of the date of these Bylaws shall not be altered or modified except with the written approval of the Cooperative and of the Member having the right to occupy the Apartment (pursuant to a Lease) to which the Storage Room is allocated. At the request of a Member, the Cooperative shall issue to that Member a written confirmation of the Storage Room allocated to the Apartment that the Member has a right to occupy pursuant to a Lease.

4.4.2 Members may rent to, or allow the use of their Storage Rooms by, only another Member or an Occupant. The lease or other use right shall be in written form, and shall terminate when the lessor, lessee, or other user is no longer a Member or an Occupant, regardless of the terms of any agreement to the contrary. The Member shall give the Cooperative advance written notice of any lease or use agreement with respect to such Member's Storage Room, and shall provide a copy of the lease or use agreement to the Cooperative upon its request. The Cooperative may hold, convey, and transfer a Storage Room assigned to it or allocated to an Apartment to which it has acquired the occupancy rights thereof pursuant a lien foreclosure or otherwise, and may rent such Storage Room.

4.4.3 The use of the Storage Rooms, and the size and types of personal property which may be kept in the Storage Rooms, are subject to the restrictions set forth in these Bylaws and in the Rules and Regulations approved from time to time by the Board.

4.5 Dedication and Conveyance of Common Element. The Cooperative shall have the power and authority to dedicate or convey part or all of the Common Elements to any

governmental or private Person for private or public purposes, and to release from the provisions of these Bylaws, in accordance with the requirements and procedures for amending these Bylaws. Any portion of the Common Elements which is so dedicated or conveyed shall be automatically released from the Governing Documents, effective upon the recording of an instrument evidencing such dedication or conveyance; provided, that such instrument shall reference the Governing Documents and the authority contained in this Section.

## SECTION 5

### MEMBERSHIP: RIGHTS AND OBLIGATIONS

Membership in the Cooperative, and the allocation to each Apartment of a portion of the votes in the Cooperative and a portion of the Common Expenses of the Cooperative, shall be governed by the provisions of this Section 5. The Members' Memberships and related interests in the Cooperative are personal property and not real property.

5.1 Membership. Each Person who owns Stock and who has entered into a Lease with the Cooperative is a Member. A Membership includes the Member's interest in a Lease, the Member's Stock and Lease, and all other rights, interest, and obligations of the Member in the Cooperative. A Membership is evidenced by a Stock Certificate and a Lease. A Person automatically ceases to be a Member, and that Person's Membership automatically ceases, if the Member's Lease or Stock terminates or is terminated, or if that Membership terminates or is terminated. When more than one Person has a single Membership, all such Persons shall be Members, but multiple ownership of a single Membership shall not increase the voting rights allocated to such Membership nor authorize the division of the voting rights. A Membership includes the exclusive right to occupy an Apartment under a Lease and the right to participate in the affairs of the Cooperative as provided in the Governing Documents.

5.2 Membership Criteria. A Membership shall be held only by a Person who (i) is approved by the Board, (ii) meets the uniform credit standards, and other Membership criteria, approved by the Board, and (iii) signs a Lease in the form approved by the Board. Except as otherwise provided in these Bylaws, each Person desiring to acquire a Membership shall apply to the Cooperative for approval of the Membership acquisition. Persons applying to acquire a Membership must submit a written application to the Board on forms approved by the Board. Applications shall be subject to the procedures and requirements set forth in these Bylaws.

5.3 Allocation of Voting and Common Expenses. Voting rights and Common Expense obligations are allocated among the Memberships as follows:

5.3.1 Voting rights are allocated equally among the Memberships, with one vote allocated to each Membership.

5.3.2 Subject to Sections 14, 18, and 21, and except as otherwise provided in other portions of these Bylaws, Common Expense obligations are allocated to the Memberships as shown on Exhibit B hereto. Said allocation to a particular Membership is the same ratio as of that which the number of shares of Stock associated with that Membership bears to the total number shares of Stock. Notwithstanding the foregoing in

this Section 5.3.2, the annual Assessment charged by the Cooperative to a Member and levied by the Cooperative against that Member's Stock and Membership shall include the Common Expenses incurred (or to be incurred) by the Cooperative for the specific real estate taxes and other governmental assessments which are due and payable for that annual period with regard to the Apartment to which that Member's Lease relates.

5.4 Appurtenant Rights and Obligations. A Membership shall include the voting rights, Common Expense obligations, and the other interests described in the Governing Documents, including but not limited to the right to the use and enjoyment of the Common Elements in common with other Members. Said rights, obligations, and interests described in this Section 5, and the Membership from which they are derived, shall not be separated or conveyed separately, and any conveyance, encumbrance, judicial sale, or other transfer of any interest in an Apartment, separate from a transfer, assignment, or other conveyance of all interests in a Membership and the Lease associated with the Membership shall be void. The allocation of the rights, obligations, and interests described in this Section 5 may not be changed, except in accordance with the Governing Documents and the Act. The interests, rights, and obligations of a Member in the Cooperative may not be assigned, pledged, encumbered, or transferred, except only as specifically authorized by the Governing Documents or by law.

5.5 Authority to Vote. The Member may cast the vote allocated to the Member's Membership at meetings of the Members; provided, that if there are multiple Members owning a Membership, all such Members owning the Membership shall name in writing to the Cooperative the Member or other Person designated to cast the vote allocated to the Membership. Notwithstanding the foregoing, a spouse of a Member may cast the vote allocated to the Member's Membership unless the Member files a directive to the contrary with the Cooperative. In case of an unresolved dispute among the Members owning the Membership as to the designation of the voting delegate for the Membership, the vote allocated to the Membership shall not be counted.

5.6 Joint Membership of Memberships. A Membership may be owned by more than one Person, in which case each Person owning the Membership shall be named on the Stock Certificate and shall be a Member. A Membership may be issued in joint tenancy, with rights of survivorship as among the joint Members. Multiple ownership does not increase voting rights or other rights with respect to the Membership, and said rights shall not be split.

5.7 Financial Obligations. Each Member owning part or all of a Membership is personally obligated to pay the share of annual Assessments and special Assessments assessed by the Cooperative against the Membership and Stock owned by that Member, plus any limited Assessments or other charges or Assessment imposed or levied by the Cooperative pursuant to the Governing Documents or the Act. Each such Member is jointly and severally liable for the payment of Assessments and other obligations to the Cooperative with respect to the Membership, notwithstanding any agreement between or among the Members concerning such obligations.

5.8 Subordination of Membership Rights. The Membership rights of a Member, including without limitation the Member's rights under any Lease, are subject and subordinate to

the Governing Documents and any Blanket Mortgage, and to any statute, regulation, or other governmental restriction to which the Property as a whole is subject now or in the future.

5.9 Cooperative Philosophy. The Cooperative observes the basic cooperative principle that purchases, ownership, and sales of Memberships are not for speculative purposes and that the Members' investments in the Cooperative are for the purpose of securing the use and benefit of the Apartments. To this end, the policies established by the Cooperative shall be, and the Cooperative shall be operated in such a manner, as to discourage and avoid speculation in the purchase or sale of Memberships by Members or by the Cooperative.

5.10 Landlord/Tenant Relationship. Each Lease shall establish a landlord/tenant relationship between the Cooperative and the Member executing the Lease, with such remedies available to the Cooperative under the Governing Documents, the Rules and Regulations, or the Act. In event of any breach or threatened breach by the Member of any provision of the Lease, there shall be available to the Cooperative such legal remedies as are available to a landlord for the breach or threatened breach by a tenant of any provision of a lease or rental agreement. The failure on the part of the Cooperation to avail itself of any other remedies provided under the Governing Documents or the Lease shall not be deemed to be a waiver by the Cooperative, or be deemed to destroy the right of the Cooperative, to avail itself of such remedies for similar or other breaches on the part of a Member.

5.11 Registration of Members and Occupants. Each Member shall register with the Secretary of the Cooperative, in writing, (i) the name and address of the Member and each Occupant occupying the Apartment associated with the Member's Membership; (ii) the address at which the Member desires to receive notice of any meeting of the Members; (iii) the name of the Person authorized to cast the vote for each Membership where there is more than one Member owning the Membership; and (iv) the name and address of each Person (if any) holding a security interest in the Member's Stock other than the Cooperative. Each Member shall have a continuing obligation to advise the Cooperative in writing of any changes in the foregoing information.

## SECTION 6

### STOCK

6.1 Stock. There are a total of six thousand eight hundred shares of Stock. The number of shares of Stock issued along with each Membership is set forth in Exhibit B hereto. The par value of the authorized Stock is \$1.00 dollar per share of Stock. Stock may only be sold or transferred as provided in the Governing Documents. The Cooperative shall have the first privilege of purchasing the Stock from a Member if that Member intends to transfer (by sale or otherwise) that Member's Stock (other than a transfer to another Member who owns that Stock). The Cooperative's right of the first privilege of purchasing Stock from a Member is set forth in detail in Section 6.9.

6.2 Authorization. The Cooperative is authorized to issue Stock to a Member only as set forth in these Bylaws and other portions of the Governing Documents, and only in connection with the execution by the Member of a Lease. A Member shall be required to purchase or

otherwise acquire the number of shares of Stock associated with the Apartment that the Member has the right to occupy under a Lease, as set forth on Exhibit B hereto, in order to qualify for a Lease. At the time a Member acquires a Membership and executes a Lease, the Cooperative shall issue to that Member the respective number of shares of Stock set forth in said Exhibit B.

6.3 Form and Record of Stock Certificate. Stock Certificates shall be in the form approved by the Board from time to time, and all Stock Certificates shall be signed by the President or Vice President of the Cooperative. Stock Certificates shall be numbered in the order in which they are issued by the Cooperative. The Cooperative shall maintain the originals of all Stock Certificates in its records; provided, however, that the Cooperative may deliver an original Stock Certificate upon request, to a Person holding or acquiring a security interest in the Membership or Stock evidenced by the Stock Certificate or as otherwise approved by the Board, but only as authorized by the governing Documents. Each Stock Certificate shall contain, at a minimum (i) the name of the Cooperative, (ii) the number of the Stock Certificate, (iii) the name of each Person owning the Stock and whether the Stock is owned in joint tenancy, (iv) the date on which the Stock Certificate was issued, (v) a legend or legends as described by Section 6.5, and (vi) the signatures required by this Section. When the transfer of Stock is approved by the Board, a new Stock Certificate shall be issued in the name of the transferee and the existing Stock Certificate shall be marked cancelled and retained in the records of the Cooperative.

6.4 Lost Stock Certificates. The Board may issue additional copies of a Stock Certificate or issue a new original Stock Certificate in place of a Stock Certificate or copies thereof previously issued and alleged to have been destroyed or lost, after receiving an acceptable affidavit or other acceptable evidence from the Member to whom the Stock Certificate was issued, explaining the loss or destruction thereof. The Board may also require, as a condition of the issuance of a new Stock Certificate, a bond or other surety in such sum as the Board may require as indemnity against any claim that may be made against the Cooperative with respect to the Stock (or the related Membership) or the reissuance of the Stock Certificate.

6.5 Legend on Stock Certificates. Each Stock Certificate shall bear a legend, or have attached to it, in substantially the following form, or containing substantially the following information:

“This Stock Certificate, and the Stock and the Membership in 3540 James Avenue South, Inc. (the “Cooperative”), and the rights of its holder from time to time, are subject and subordinate to (i) the rights of the Cooperative set forth in the Cooperative’s Amended and Restated Articles of Incorporation, as may be amended (collectively the “Articles”), and the Cooperative’s Amended and Restated Bylaws, as may be amended (collectively the “Bylaws”); (ii) all other provisions of the Articles, these Bylaws, and the Cooperative’s Rules and Regulations; (iii) the Lease associated with the Stock and the Membership in the Cooperative evidenced by this Stock Certificate; (iv) a lien in favor of the Cooperative for all sums for which the Member is obligated to the Cooperative; (v) a right of first privilege in favor of the Cooperative to purchase the Stock; and (vi) the provisions of Minnesota Statutes Chapters 308A. The Stock represented

by this Stock Certificate shall not be transferred or assigned without the prior written approval of the Cooperative and only in accordance with these Bylaws.”

6.6 Stock Transfers. Except as expressly indicated to the contrary in the Governing Documents, all Stock transfers are subject to the following procedures and requirements:

6.6.1 Stock transfers (whether by sale, or otherwise) must be approved by the Cooperative, except that, in the case of (i) involuntary transfers such as those arising out of inheritance or a lien foreclosure, or (ii) transfers from one joint tenant Member or co-tenant Member to another with respect to the same Membership, only the credit and Membership eligibility of the transferee are subject to approval. In addition to voluntary Stock transfers by a Member, and any other Stock transfers set forth in this Section 6, a proposed Stock transfer by gift or devise, by voluntary or involuntary disposition by order of a court pursuant to any provisions of federal or state bankruptcy laws or regulations, by any assignment for the benefit of creditors of a Member, or by any other voluntary or involuntary act by a Member, shall be subject to the Stock transfer provisions set forth in this Section 6. Transfers are also subject to the Cooperative’s right of first privilege to acquire the Stock, as provided in Section 6.9. Subject to this Section 6.6.1, the Cooperative has complete and exclusive authority to approve or disapprove Stock transfers.

6.6.2 Any Member desiring to transfer Stock shall deliver to the Cooperative the transfer fee (if any) and a copy of the purchase agreement signed by the Member and the proposed transferee of the Stock, together with an application for Membership in the Cooperative signed by the transferee, on a form approved by the Cooperative (but only if such an application is required by the Cooperative), and together with such credit and other information as may be reasonably required by the Cooperative. Each purchase agreement for the purchase of Stock shall contain a provision making the purchase agreement and such purchase subject to the Cooperative’s right of first privilege to acquire the Stock under Section 6.9.

6.6.3 The Cooperative may establish, from time to time, a transfer fee for the transfer of Stock. The transfer fee shall be uniform in its application to all Members, provided (i) that it may take into account varying values of the Stock, and (ii) that it shall be computed on a basis which is calculated to reimburse the Cooperative for its costs in handling resales, generally, without realizing profits from its operations. The Cooperative may also require the payment of an additional fee to cover the Cooperative’s expenses in processing the application and determining the creditworthiness of the proposed transferee. In addition, if there are matters relating to the transfer with respect to which the Cooperative consults legal counsel, the Member or proposed transferee shall also be required to pay to the Cooperative the related attorney’s fees and other legal costs incurred by the Cooperative.

6.6.4 A Stock transfer automatically includes the transferring of a Member’s rights under the Member’s Lease, the Member’s Membership rights in the Cooperative, and all other rights accruing to the Member as a consequence of owning the Membership. No such rights may be transferred separately, and all references to the Membership

include all of said related rights. No Stock transfer is valid until all the requirements set forth in the Governing Documents have been satisfied.

6.6.5 Within thirty days after the Cooperative's receipt of the application for transfer of Stock and all other related information required by the Board, the Board shall (i) give the Member notice of the exercise of the Cooperative's right of first privilege of acquiring the Stock under Section 6.9, or (ii) act upon the application. In making its decision with respect to the application, the Board may consider the creditworthiness of the applicant, the history of the applicant (if any) relating to convictions for offenses involving violence or moral turpitude which may pose a safety risk to other Members or Occupants, incidents wherein the applicant defaulted on previous lease or rental obligations as established by public records, and other reasonable criteria established by the Cooperative. The Board shall approve or disapprove the transfer of the Stock by Board resolution and shall give written notice of its decision to the selling Member. The notice shall specify the grounds for the decision and shall afford the Member and the proposed transferee an opportunity for a hearing before the Board to rebut a decision to deny a Stock transfer. If the Board fails to give notice of its decision to the Member within the thirty-day review period, the Board shall be deemed to have approved the transfer.

6.6.6 If any Person (an "Involuntary Transferee") who is not a Member, including without limitation an heir or personal representative of a Member or the holder of a security interest in Stock, acquires Stock involuntarily due to the death or incapacity of a Member or the foreclosure of a security interest, the Involuntary Transferee shall, within thirty days of such acquisition, give notice to the Cooperative of such acquisition, including the name of the previous Member, the applicable Apartment identifier, the name, address, and telephone number of the Involuntary Transferee, evidence of the Involuntary Transferee's title to the Stock, and the legal status of the Involuntary Transferee. If the Involuntary Transferee is a natural Person who wishes to become a Member, then the Involuntary Transferee shall immediately make application to the Cooperative for Membership. If the Involuntary Transferee is not a potential Member or decides not to apply for Membership, the Involuntary Transferee shall promptly undertake to sell the Stock to an eligible Person. Until such time as the Stock is transferred to a Person who satisfies the Cooperative's Membership criteria, the Involuntary Transferee shall be liable for the payment of all Assessments and other fees or charges relating to the Stock and the related Membership, and to otherwise comply with the Governing Documents, and shall be entitled to occupy or lease the Apartment pending the resale of the Stock. Any failure to comply with this Section shall be grounds for termination of the Stock and of the related Membership, as described in the Governing Documents.

6.6.7 Stock shall not be transferred, and a transfer of Stock and the related Membership shall not be complete or valid, until (i) all Assessments and other charges and amounts due to the Cooperative with respect to that Stock and that Membership, and all other obligations with respect to that Stock and the Membership and Apartment to which the Membership is allocated, have been paid in full and performed (the Cooperative may offset any such amounts due to it by the Member against any amounts purportedly owed to the Member), and (ii) each transferee executes a Lease (which execution shall cause the transferring Member's Lease to be deemed cancelled, and null and void, as of the effective date of the transfer). A Member's Lease shall not be transferred separately from that Member's Stock; both the Stock and the Lease must be transferred together to the same Person approved for Membership in the Cooperative.

6.6.8 The Cooperative may, at its discretion, maintain a list of Stock available for resale and may retain staff personnel to process all resales.

6.6.9 All Stock transfers and sales shall comply with all applicable state and federal laws.

6.7 Cooperative Lien and Remedies. The Cooperative has a lien against a Member's Stock to secure the payment by a Member of all sums which are or become due by the Member to the Cooperative pursuant to the Governing Documents, all as more fully provided in Section 14. The Cooperative has other rights and remedies to terminate the Member's Occupancy Agreement, Stock, and Membership, and to sell the Member's Stock, as provided in Section 21 and as may be set forth in the Lease. The Cooperative's lien against a Member's Stock shall, at all times, be superior to all other liens, encumbrances, and security interests in and to that Stock, regardless of when the indebtedness to the Cooperative arises which is the basis of such lien. Any Person acquiring a security interest (or other interest) in Stock is hereby deemed to agree that such security interest or other interest shall be subject and junior to any lien in favor of the Cooperative against such Stock. At the time the Cooperative issues Stock to a Member, the Member, upon the request of the Cooperative, shall deposit the original Stock Certificate with the Cooperative, together with a signed assignment thereto in blank and in a form acceptable to the Cooperative.

6.8 Security Interests in Stock. A Member may grant a security interest in and pledge the Member's Stock to a Secured Party in consideration of a loan from the Secured Party for any purpose other than the Member acquisition of the Member's Stock, subject to the following procedures, qualifications, and restrictions:

6.8.1 Prior to granting the security interest, the Member shall provide to the Secured Party copies of the Governing Documents, the Rules and Regulations, and a copy of the Member's Lease, and give notice to the Cooperative of the proposed security interest. The notice to the Cooperative shall be in writing and shall contain the name, address, and telephone number of the Secured Party, the name of Member granting the security interest, the number of the Stock Certificate, and the principal amount of the loan to be secured by the proposed security interest. The Member must submit to the Cooperative along with said notice a then current full and complete financial statement of the Member's financial affairs. The Association has the right and authority to require

that the Member submit to the Cooperative additional documentation to enable the Cooperative to make its decision on whether or not to allow the Member to grant the security interest in the Stock. The Cooperative has the right and authority to refuse to allow the Member to grant a security interest in and pledge the Member's Stock to the Secured Party, and the Member shall not grant such security interest or pledge in the Stock unless and until the Member first receives in writing from the Cooperative the authorization to grant the security interest and pledge. The Cooperative's decision as to whether or not to allow the Member to grant the secured interest in the Stock may, at the Cooperative's discretion, be based upon the Member's credit score, and a credit report of the Member that is requested by the Cooperative, the relative financial obligations and income of the Member, the term of the proposed loan, the Secured Party, and other reasonable measures of the Member's ability to repay the loan secured by the Stock.

6.8.2 In no event shall the Cooperative allow and approve the Member to grant a security interest in and pledge the Member's Stock to the Secured Party where, at the time the loan is to be granted by the Secured Party, (i) the principal amount of the loan is more than twenty percent of the "estimated market value" of the Apartment to which the Stock relates, as established by the Hennepin County Assessor for taxes payable in the year in which that loan is to be granted and (ii) any Member owning that Stock has a verifiable credit score of less than 720, as verified by the Secured Party intending to grant that loan.

6.8.3 In the event the Cooperative authorizes the granting of a security interest in and pledging of the Member's Stock to the Secured Party, the Cooperative may require, as a condition thereof, that the Secured Party enter into a recognition agreement or similar agreement with the Member and the Cooperative pursuant to which the Cooperative (i) recognizes the Secured Party's rights; (ii) undertakes to provide to the Secured Party copies of any notice of the Member's default (if any) under the Governing Documents, the Rules and Regulations, or the Lease; or (iii) undertakes other matters agreed to by the Cooperative and the Secured Party; and (iv) recognizes the relative priorities of the Cooperative's lien against Stock and that of the Secured Party. The agreement may also permit the Secured Party to cure a Member's default to the Cooperative if the Member fails to cure the default.

6.8.4 If a Secured Party holding a lien on a Member's Stock forecloses its security interest or receives a conveyance in lieu of foreclosure, the Secured Party and any subsequent transferee of the Stock shall take the Stock subject to the priorities established by Section 14 of these Bylaws and other portions of the Governing Documents and the Act.

6.8.5 A Secured Party shall, upon acquiring ownership of Stock, have and automatically assume all rights and obligations of the Member granting the security interest; provided, that if the Secured Party does not qualify for Membership in the Cooperative in accordance with these Bylaws or other provisions of the Governing Documents, then the Secured Party shall be obligated to immediately place the Stock for sale and sell the Stock to one or more than one Person who satisfies the Cooperative's Membership criteria.

6.8.6 Any and all costs, expenses, charges, fees (including, but not limited to, attorney's fees and other professional fees incurred by the Cooperative), and other amounts of, relating to, or concerning (i) the Member's request to have the Cooperative approve the granting of the security interest in the Stock, (ii) the Cooperative's decision-making process as to whether to allow the Member to grant that security interest, and (iii) any and all other related matters, shall be the personal liability of the Member, and any and all such costs, expenses, charges, fees, and other amounts that may be incurred by the Cooperative in or for items (i), (ii), or (iii) of this Section 6.8.6 shall be the personal liability of the Member to the Cooperative and shall promptly be reimbursed by the Member to the Cooperative upon demand by the Cooperative.

6.9 The Cooperative's First Privilege to Purchase Stock. The Cooperative shall have the first privilege of purchasing the Stock from a Member if that Member intends to transfer (by sale or otherwise) that Member's Stock (other than a transfer to another Member who owns that Stock). So as to allow the Cooperative to exercise that first privilege, the Member must give written notice to the Cooperative of that Member's intention to transfer the Stock, accompanied by the following information (the "Required Information"): (i) in the case of the Member's proposed sale of the Stock, a copy of the purchase agreement signed by each Member owning the Stock and each proposed purchaser of the Stock; (ii) an application for a Membership completed by each proposed transferee of the Stock, on a form approved by the Board, providing the full name of each proposed transferee, the then current address, occupation, and place of business or employment (if any) of each such transferee, all other sources of income of each such transferee, financial and character references for each such transferee, and such other information as the Board may reasonably require; and (iii) all required fees for processing that application, as established by the Board. In addition, each such proposed transferee shall be made available for an interview with the Board (or by a committee of the Board) at a reasonable time on a date set by the Board, which interview shall be held within thirty days after the Cooperative receives the Required Information. The Cooperative shall, within thirty days after its receipt of the Required Information, provide notice to the Member that the Cooperative is either exercising its right of first privilege to acquire the Stock or provide notice to the Member that the Cooperative is not exercising such first privilege and is either approving or disapproving the proposed transfer of the Stock. If the Cooperative fails to timely give any such notices to the Member, the Cooperative shall be deemed to have waived such first privilege and shall be deemed to have approved the transfer of the Stock. If the Cooperative elects to exercise its first privilege to acquire the Stock, the Member shall surrender the Member's Stock Certificate and Occupancy Agreement to the Cooperative upon the payment by the Cooperative to the Member of all amounts due to the Member under the terms of the applicable purchase agreement (or other transfer document); provided, however, that the date of the closing of the sale to the Cooperative of the Stock shall be no later than sixty days after the Cooperative gives notice to the Member of the Cooperative's election to exercise the first privilege to acquire the Stock (or by a later date as set forth in the purchase agreement or other transfer document), unless a later closing date is mutually agreed upon in writing by the Cooperative and the Member. Unless otherwise mutually agreed upon by the Cooperative and the Member, the Member shall vacate the Apartment on the date of closing of the sale of the Stock to the Cooperative.

## SECTION 7

### LEASE

7.1 Form. The rights of Members and Occupants to use the Apartments are governed by the Lease in the form approved by the Board, and each Person, prior to becoming a Member, shall be required to execute a Lease. The Lease shall contain such terms, renewal provisions, restrictions, limitations, provisions with respect to assignment and subleasing, and other terms, conditions, and covenants, as the Board may determine. Each Lease shall be in substantially the same form for all Members; provided, that new forms of the Lease may be phased in over time for existing and future Members. The Governing Documents and the Leases shall be read and interpreted in coordination with each other. The form of the Lease that exists as of the date of these Bylaws (that Lease is entitled "Proprietary Lease"), contains terminology that is not exactly consistent with the terminology used in the Governing Documents, given that the form of the Lease was created prior to the creation of the Governing Documents. Nevertheless, every effort shall be made to interpret the terminology and provisions in that form of the Lease in a way and manner that is consistent with the Governing Documents and the Act.

7.2 Assignment. A Lease may be assigned or transferred only in compliance with terms, conditions, and provisions of the Governing Documents and the Lease and any polices established by the Association as part of the Rules and Regulations or otherwise. The assignment shall not be effective unless and until (i) the assignee has signed the approved form of Lease; (ii) the Membership associated with the Lease has been transferred to the assignee; (iii) all sums required to be paid by the assignor to the Cooperative have been paid; and (iv) all necessary consents have been obtained. A Lease may be assigned or transferred only with the transfer of the Membership to which it relates.

7.3 Lost Lease. In the event that any Lease is lost, stolen, destroyed, or mutilated, the Board may issue a new Lease in the same form and upon the same terms and provisions as the lost Lease. In authorizing such issuance, the Board may, in its discretion, and as a condition precedent to the issuance thereof, require that the Member or the legal representative of the Member make an affidavit or an affirmation setting forth such facts as to the loss, destruction, or mutilation, as the Board reasonably deems necessary.

## SECTION 8

### VOTING

8.1 Entitlement. Votes shall be allocated to each Membership as provided in these Bylaws. However, no vote shall be exercised as to a Membership while the Membership is owned by the Cooperative.

8.2 Authority to Cast Vote. At any meeting of the Members, a Member is entitled to cast the one vote which is allocated to the Member's Membership, in accordance with and subject to the following procedures:

8.2.1 If the Membership is owned by more than one Person, all such Persons shall name in writing to the Cooperative one of their number as their delegate to cast the vote for that Membership. Notwithstanding the foregoing, a spouse of a Member may cast the vote unless the Member files a directive to the contrary with the Cooperative.

8.2.2 In case of an unresolved dispute among the Members owning the Membership as to the designation of the voting delegate for the Membership, the vote allocated to the Membership shall not be counted.

8.3 Voting by Absentee Ballot. A Member entitled to vote and who is absent from any meeting of the Members may cast that Member's vote by absentee ballot for any resolution which the Board submits to the Members for a vote. The absentee ballot shall (i) be in the form prescribed by the Board; (ii) contain the text of the proposed resolution to be acted upon at the meeting; (iii) contain the date, time, and place of the meeting; and (iv) contain spaces opposite the text of each resolution in which the Member may indicate an affirmative or negative vote for the resolution. The voting Member shall express a choice by marking an "X" in the appropriate space upon such absentee ballot. The absentee ballot shall be signed by the Member entitled to cast the vote. The absentee ballot shall be accepted and counted as a vote at the meeting, if received by the Cooperative before the start of the meeting. The Members shall be entitled to vote by mail for directors as provided in this Section. The Secretary shall mail to each Member with the notice of the annual meeting of the Members a ballot marked "Ballot for Directors" prescribed by the Board, containing the names and residences of all candidates for directors. A Member who will be absent from the annual meeting of the Members may vote by mail for directors by marking on the ballot an "X" opposite the candidate of the Member's choice. The Member shall return the ballot by mail to the Cooperative (to the attention of a specific officer of the Association, at the discretion of the Board) in a sealed plain envelope inside another envelope bearing the Member's name. If the ballot of the Member is received by the Cooperative on or before the date of the annual meeting of the Members, the ballot shall be accepted and be counted as the vote of the absent Member. Notwithstanding the foregoing in this Section 8.3 to the contrary, a Member may also vote by absentee ballot electronically for any resolution which the Board submits to the Members for a vote and if electronic voting is authorized by the Board; provided, that the Cooperative is able to authenticate that it is the Member who is casting the vote. In the event of an electronic submission of an absentee ballot by a Member, the deadline for the Cooperative's receipt of that absentee ballot shall be the same as that for the other absentee ballots.

8.4 Vote Required. Except as otherwise provided in these Bylaws, the concurring vote of Members who are authorized to cast a majority of the votes at any properly constituted meeting of the Members (in person and by absentee ballot), shall decide all matters properly brought before the Members. The term "majority" as used herein shall mean in excess of fifty percent of the votes cast at a meeting, in person, or by absentee ballot, in accordance with the allocation of voting power set forth in these Bylaws. Cumulative voting shall not be permitted. Notwithstanding anything to the contrary in these Bylaws, a vote by the Members on any issue may be taken by any other means set forth in and authorized by the Act (including, but not limited to, voting by electronic means for directors; provided, that a Member may vote by electronic means if the Cooperative is able to authenticate that it is the Member who is casting the vote).

## SECTION 9

### MEETING OF MEMBERS

9.1 Place. All meetings of the Members shall be held at the principal place of business of the Cooperative, or at another conveniently located place in the state of Minnesota and which is reasonably accessible to the Members, as may be designated by the Board in any notice of a meeting of the Members.

9.2 Annual Meetings. An annual meeting of the Members shall be held in each fiscal year of the Cooperative on a date, and at a reasonable time and place, designated by the Board. At each annual meeting of the Members, (i) the Persons who are to constitute the Board shall be elected pursuant to Section 11, (ii) a report shall be made to the Members on the activities and financial condition of the Cooperative, 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 Members, shall be considered and acted upon at the meeting.

9.3 Special Meetings. Special meetings of the Members may be called by the Cooperative's President (the "President") as a matter of discretion. Special meetings of the Members shall be called by the President or Secretary within ten days following receipt of the written request of a majority of the members of the Board, or of Members entitled to cast at least twenty percent of all of the votes in the Cooperative. The meeting shall be held within thirty days following the Cooperative's 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 Cooperative's purposes and authority under the Governing Documents.

9.4 Notice of Meetings. Not less than fifteen in advance of any annual meeting of the Members, and not less than seven nor more than thirty days in advance of any special meeting of the Members, the Secretary shall send notice of the time, place and agenda of the meeting to all persons who are Members as of the date of sending the notice. The notice shall be sent by United States mail, or by hand delivery, to the Member at the address of the Apartment that the Member has a legal right to use pursuant to a Lease or to such other address as the Member may have designated in writing to the Secretary. In the alternative, the notice may be sent to the Members by electronic means, but only if the entire vote on all matters covered in the notice is to be taken electronically, as authorized by the Board in the notice. The notice shall state the date, time, and place of the meeting, and the purposes of the meeting. Notice of meetings at which a vote is to take place upon amendments to Articles of Incorporation shall also be given separately to each officer and director of the Cooperative. Notwithstanding anything to the contrary in these Bylaws or in the Articles of Incorporation, the Board hereby has the authority to authorize an electronic vote by the Members on any matter that could otherwise be voted upon at a meeting of the Members (including, but not limited to, the election of directors of the Cooperative); provided, that Cooperative is able to authenticate that it is the Member who is casting the vote.

9.5 Quorum/Adjournment. The presence, in person or by absentee ballot, of forty percent of the total number of Members shall constitute a quorum at all meetings of the Members

for the transaction of any business, except that of adjourning the meeting to reconvene at a subsequent time. Any meeting may be adjourned from time to time, but until no longer than thirty days later than the date of the meeting as initially called, 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. If a quorum has been established at a meeting or a reconvened meeting, the quorum shall continue to exist for the meeting in question notwithstanding the departure of any Member originally in attendance in person or by ballot. In determining a quorum at a meeting, on a question submitted to a vote by mail, members present in person or represented by absentee vote shall be counted. The attendance of a sufficient number of Members to constitute a quorum shall be established by a registration of the Members present, in person or by absentee ballot, at the meeting. The registration shall be verified by the President and Secretary of the Cooperative and shall be reported in the minutes of the meeting.

9.6 Voting Register. The Secretary shall have available at the meeting a list of the Apartment addresses, the names of the Members, the vote attributable to each Membership, and the name of the Person (in the case of multiple Members) who may be authorized to cast the vote for each Membership.

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

## SECTION 10

### ANNUAL REPORT

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

10.1 Expenditures. A statement of any capital expenditures in excess of two percent of the current budget or Five Thousand Dollars, whichever is greater, approved by the Cooperative for the current year or succeeding two fiscal years.

10.2 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.

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

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

10.5 Insurance. A description of the insurance coverage provided by the Cooperative.

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

## SECTION 11

### BOARD OF DIRECTORS

11.1 Number and Qualification. The affairs of the Cooperative shall be governed by the Board. The Board shall be composed of five directors, each of whom shall be a Member, or a duly authorized representative of the Member if the Member is an entity other than a natural Person.

11.2 Term of Office. Prior to the effective date of these Bylaws, the term of office of each director was one year. The terms of office of the directors elected at the first annual meeting of the Members following the effective date of these Bylaws shall be two years for two directors and three years for three directors (the determination as to which elected directors shall serve terms of two years or three years being made upon procedures approved by a vote of the Members at the annual meeting). Thereafter, the term of office of each director shall be two years. The term of office of a director shall expire upon the election of a successor director at the appropriate annual meeting of the Members; 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 number of votes, shall be elected, notwithstanding that one or more of them do not receive a majority of the votes cast. A director appointed or elected to fill an uncompleted term shall serve until the natural termination of that term, unless removed in accordance with these Bylaws. There is no cumulative voting for directors.

11.3 Nominations. Nominations for election to the Board at each annual meeting of the Members may be made by a nominating committee appointed by the Board; provided, that Members may also make nominations at any time at or before the annual meeting. The nominating committee, if appointed by the Board, shall consist of Members who are representative of the general Membership, and shall establish fair and reasonable procedures for the submission of nominations. All nominations shall be made only with the consent of the nominee.

11.4 Powers. The Board shall have all powers necessary for the administration of the affairs of the Cooperative, and may exercise for the Cooperative all powers and authority vested in or delegated to the Cooperative (and not expressly prohibited or reserved to the Members) by law or by the Governing Documents. The powers of the Board shall include, without limitation, the power to:

11.4.1 adopt, amend, and revoke Rules and Regulations not inconsistent with the Governing Documents, as follows: (i) regulating the use of the Common Elements; (ii) regulating the use of the Apartments, and the conduct of Members and Occupants, which may jeopardize the health, safety, or welfare of other Members and Occupants, which involves noise or other disturbing activity, or which may damage the Common Elements or other Apartments; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the Common Elements and conduct which may damage the Property; (v) regulating the exterior appearance of the Property, including, for example, patios, decks, and signs and other displays, regardless of whether inside an Apartment;

(vi) implementing the Governing Documents, and exercising the powers granted by this Section 11.4; and (vii) otherwise facilitating the operation of the Property;

11.4.2 adopt and amend budgets for revenues, expenditures and reserves, levy and collect Assessments, and foreclose Assessment liens incidental to its collection efforts;

11.4.3 establish one or more than one adequate reserve fund for maintenance, repair, and replacement of those portions of the Property that the Cooperative may be obligated to maintain, repair, or replace on a periodic basis. The establishment of such a reserve fund shall not prevent the Cooperative from exercising its authority to levy limited Assessments, or other Assessments, pursuant to these Bylaws.

11.4.4 hire and discharge managing agents and other employees, agents, and independent contractors, and employ the use of legal and accounting professionals and other service providers;

11.4.5 institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more Members on matters affecting the Common Elements or other matters affecting the Property or the Cooperative, or, (ii) with the consent of the Members having the legal right to use the affected Apartments pursuant to Leases, on matters affecting only those Apartments;

11.4.6 make contracts and incur liabilities;

11.4.7 regulate the use, maintenance, repair, replacement, improvement, and modification of the Common Elements and the Apartments;

11.4.8 acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, subject to any the relevant requirements of the Act;

11.4.9 grant rights-of-way, easements, leases, and licenses through, over, and under the Common Elements, for public roadways, utilities, and other public purposes, for public and private cable, internet, satellite, and other electronic communications systems, and for any other purpose authorized by these Bylaws (including, but not limited to, granting leases or licenses for the use of Common Element storage spaces (including, but not limited to, the Storage Rooms); and to grant other easements, leases, and licenses through, over, or under the Common Elements with approval by a majority vote of the Members;

11.4.10 impose and receive any payments, fees, or charges for services provided to Members;

11.4.11 impose charges for late payment of Assessments and, after notice and an opportunity to be heard, assess, impose, and charge reasonable fines for violations of the Governing Documents and the Rules and Regulations;

11.4.12 borrow money, and encumber or pledge the assets of the Cooperative as security therefore;

11.4.13 impose reasonable charges for the review, preparation, and recording of amendments to these Bylaws or the Articles of Incorporation, statements of unpaid Assessments, or furnishing copies of Cooperative records;

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

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

11.4.16 appoint, regulate, and dissolve committees; and

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

11.5 Meeting and Notices. An annual meeting of the Board shall be held as soon as practicable following each annual meeting of the Members. At each annual meeting of the Board, the officers of the Cooperative shall be elected. The following procedures shall govern and apply to Board meetings:

11.5.1 Regular meetings of the Board shall be held at least on a quarterly basis, at such times as may be fixed from time to time by a majority of the voting directors. A schedule, or any amended schedule, of the regular meetings shall be provided to the directors, and posted or published for the information of Members, as provided in Section 11.5.4.

11.5.2 Special meetings of the Board shall be held when called (i) by the President, or (ii) by the Secretary within ten days following the written request of a majority of the voting directors. Notice of any special meeting shall be given to each director not less than three days in advance thereof, subject to Section 11.5.3. Notice to a director shall be deemed to be given when deposited in the United States mail postage prepaid to the Apartment address of such director, or when personally delivered, orally or in writing, by a representative of the Board. Notice to a director shall also be deemed to be given when given to that director by electronic means; provided, that the director to whom the notice is given by electronic means confirms back to the Cooperative by electronic means of that director's receipt of that notice.

11.5.3 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.

11.5.4 Except as otherwise provided in this Section, meetings of the Board must be open to the Members. To the extent practicable, the Board shall give reasonable notice to the Members of the date, time, and place of a Board meeting. If the date, time,

and place of meetings are provided for in these Bylaws or in the Articles of Incorporation, announced at a previous meeting of the Board, distributed to Members in writing, posted in a location accessible to the Members 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 25.3. Notwithstanding the foregoing, meetings may be closed at the discretion of the Board to discuss the following:

11.5.4.1 personnel matters;

11.5.4.2 pending or potential litigation, arbitration or other potentially adversarial proceedings between Members, between the Board or Cooperative and Members, or other matters in which any Member 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 Cooperative or the privacy of a Member or Occupant of an Apartment;

11.5.4.3 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;  
or

11.5.4.4 Any matters that fall within attorney-client privileged communications.

Notwithstanding Section 13.8, the minutes of, and the documentation discussed or submitted at, such closed meeting shall not be made available for review or copying by Members or Secured Parties. 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, but shall not impair Members' rights to exercise other remedies against the Directors.

11.6 Quorum and Voting. A majority of the directors holding office constitutes a quorum for the transaction of business at any meeting thereof. A quorum, once established, continues to exist, regardless of the subsequent departure of any directors. Each director has one vote. The vote of a majority of the directors present at any meeting at which a quorum is present is sufficient to adopt any action. Proxies shall not be permitted.

11.7 Vacancies. A vacancy in the Board shall be filled by a natural Person by a majority vote of the remaining directors, regardless of their number. Each Person so elected (whether by the Board or by the Members, as provided in these Bylaws or under Minnesota law) to fill a vacancy in the Board shall serve until the next annual or special meeting of the Members. At the next annual or special meeting of the Members, the Members must elect a director to fill the unexpired term of the vacant director's position.

11.8 Removal. A director may be removed from the Board with cause, by a majority vote at any annual or special meeting of the Members; provided, (i) that the notice of the meeting

at which removal is to be considered states such purpose, (ii) that the director to be removed has a right to be heard at the meeting, and (iii) that a new director is elected at the meeting by the Members to fill the vacant position caused by the removal.

11.9 Compensation. The directors of the Cooperative shall receive no compensation for their services in such capacity. The directors may be reimbursed for out-of-pocket expenses incurred in the performance of their duties. A director or an entity in which the director has an interest may, upon approval by the Board, be reasonably compensated under a contract for goods and services furnished to the Cooperative 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.

11.10 Fidelity Bond. Fidelity bonds or insurance coverage for unlawful taking of Cooperative funds shall be obtained and maintained on all Cooperative directors and officers authorized to handle the Cooperative's funds and other monetary assets.

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

## SECTION 12

### OFFICERS

12.1 Principal Officers. The principal officers of the Cooperative shall be a President, a Vice President, a Secretary, and a Treasurer, each of whom shall be elected by the directors and each of whom shall be a director. The Board may, from time to time, elect such other officers and designate their duties as in the Board's judgment may be necessary to manage the affairs of the Cooperative. No Person may hold more than one office simultaneously. Each officer of the Cooperative shall be a Member, or a duly authorized representative of a Member if the Member is an entity other than a natural Person.

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

12.3 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. In addition, Members may remove an officer at a Members' meeting, for cause, related to the duties of the position of the officer and, at that meeting, fill the vacancy caused by the removal.

12.4 President. The President shall be the chief executive officer of the Cooperative, and shall preside at all meetings of the Board and the Cooperative. 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 Cooperative. The President shall have such other duties as may from time to time be prescribed by the Board.

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

12.6 Secretary. The Secretary is responsible for recording the minutes of all meetings of the Board and the Cooperative. The Secretary shall be responsible for keeping the books and records of the Cooperative, 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.

12.7 Treasurer. The Treasurer is responsible for all financial assets of the Cooperative, 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 Cooperative's financial books, Assessment rolls, and accounts; (ii) cause an annual financial report to be prepared, subject to review by the Cooperative's accountants; (iii) cause the books of the Cooperative 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 Cooperative to be deposited in the name of or to the credit of the Cooperative in depositories designated by the Board; (v) cause the proper obligations of the Cooperative 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.

12.8 Compensation. The officers of the Cooperative shall receive no compensation for their services in such capacity. The officers may be reimbursed for out-of-pocket expenses incurred in the performance of their duties. An officer or an entity in which the officer has an interest may be reasonably compensated under a contract for goods and services furnished to the Cooperative 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.

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

12.10 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. In addition, Members may remove an officer at a Members' meeting, for cause, related to the duties of the position of the officer and, at that meeting, fill the vacancy caused by the removal.

## SECTION 13

### ADMINISTRATION

The administration and operation of the Cooperative and the Property, including but not limited to the acts required of the Cooperative, shall be governed by the following provisions:

13.1 General. The operation and administration of the Cooperative and the Property are governed by the Governing Documents, the Rules and Regulations, and the Act. Subject to certain rights of the Members set forth in the Governing Documents, the Rules and Regulations, and the Act, the Cooperative is responsible for the operation, management, and control of the Property and shall have all powers described in the Governing Documents, the Rules and Regulations, and the Act. All power and authority exercisable by the Cooperative shall be vested in the Board, unless action or approval by the individual Members is specifically required by the Governing Documents or the Act. All references in the Governing Documents and the Rules and Regulations to the Cooperative shall mean the Cooperative acting through the Board, unless specifically stated to the contrary.

13.2 Operational Purposes. The Cooperative shall operate and manage the Property for the purposes of (i) administering and enforcing the covenants, restrictions, easements, charges, and liens set forth in the Governing Documents and the Rules and Regulations, (ii) maintaining, repairing, and replacing those portions of the Property for which it is responsible, and (iii) preserving the value and the architectural character of the Property.

13.3 Binding Effect of Actions. All agreements and determinations made by the Cooperative in accordance with the Governing Documents or the Rules and Regulations shall be binding upon all Members and Occupants, and their lessees, guests, heirs, personal representatives, successors, and assigns, and each Secured Party.

13.4 Bylaws. The Cooperative shall have Bylaws (which are these Bylaws). These Bylaws, and any amendments thereto, or supplements or restatements thereof, govern the operation and administration of the Cooperative and shall be binding upon all Members and Occupants.

13.5 Management. The Board may delegate to a manager or managing agent the management duties imposed upon the Cooperative's officers and directors by the Governing Documents and the Act; provided, however, that such delegation shall not relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and by law.

13.6 Rules and Regulations. The Board shall have exclusive authority to approve and implement such reasonable Rules and Regulations, and policies and procedures (which shall be considered part of the Rules and Regulations), as it deems necessary from time to time for the purpose of operating and administering the Cooperative, regulating the use of the Property, and addressing certain health, safety, and welfare issues relating to the Members, the Occupants, and the Property; provided, that the Rules and Regulations must be reasonable, lawful, and consistent

with the Governing Documents and the Act. The inclusion in other parts of the Governing Documents of authority to approve Rules and Regulations shall be deemed to be in furtherance, and not in limitation, of the authority granted by this Section. New or amended Rules and Regulations shall be effective only after reasonable notice thereof has been given to the Members.

13.7 Cooperative Assets; Surplus Funds. All funds and real or personal property acquired by the Cooperative shall be held and used for the benefit of the Members for the purposes stated in the Governing Documents. Surplus funds remaining after payment of or provision for Common Expenses and reserves shall be credited against future Assessments or added to reserves, as determined by the Board.

13.8 Records. The Board shall cause to be kept at the registered office of the Cooperative, 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 Members, names of the Members, and detailed and accurate records of the receipts and expenditures of the Cooperative. With the exception of records that may be privileged or contain confidential information, all Cooperative records, including receipts and expenditures and any vouchers authorizing payments, shall be available for examination by Members for a proper purpose, upon reasonable notice, and during normal business hours. Separate accounts shall be maintained for each Membership setting forth the amount of the Assessments against the Apartment, the date when due, the amount paid thereon, and the balance remaining unpaid.

13.9 Financial Review/Audit. The Board shall cause the financial records of the Cooperative to be “reviewed” or “audited” by an independent certified public accountant on an annual basis. The reviewed or audited financial record shall be delivered to all Members within 180 days after the end of the Cooperative’s fiscal year.

## SECTION 14

### ASSESSMENTS

14.1 General. Assessments for Common Expenses (and otherwise) shall be determined and assessed and levied by the Board against the Stock, the Memberships, and against a Member’s interest in an Apartment, in the Board’s discretion, subject to the requirements and procedures set forth in this Section 14, in other provisions of these Bylaws, and in the Act, and subject to any relevant requirements of these Bylaws. Assessments include annual Assessments under Section 14.2, special Assessments under Section 14.3, limited Assessments under Section 14.4, and all other Assessments assessed to and levied against the Stock, the Memberships, and a Member’s interest in an Apartment pursuant to these Bylaws. Annual Assessments and special Assessments shall be allocated, assessed, and levied among the Stock and the Memberships in accordance with the allocation formula set forth in Section 5.3. Limited Assessments under Section 14.4 shall be allocated, assessed, and levied against the Memberships, the Stock, and a Member’s interest in an Apartment as set forth in Section 14.4. Other Assessments may be allocated, assessed, and levied as provided in the Governing Documents. Notwithstanding anything to the contrary in the Governing Documents, the annual budget of the Cooperative need not include reserves for the Cooperative’s replacement of

components of the Property (i) that have a remaining useful life of more than thirty years, (ii) whose replacement will be funded by special Assessments under Section 14.3, or (iii) whose replacement will be funded by limited Assessments under Section 14.4. The Cooperative shall keep the replacement reserves in one or more than one account separate from the Cooperative's operating funds, and shall not use or borrow from the replacement reserves to fund the Cooperative's operating expenses; provided, that this restriction shall not affect the Cooperative's authority to pledge or encumber the replacement reserves as security for a loan to the Cooperative. No portion of the replacement reserves need be segregated for the replacement of specific components of the Property. Each Assessment assessed and levied by the Cooperative against a Member's Membership and Stock is deemed to also be assessed and levied by the Cooperative against that Member's interest in the Apartment that is the subject of that Member's Lease.

14.2 Annual Assessments. Annual Assessments shall be established and levied by the Board. Each annual Assessment shall cover all of the anticipated Common Expenses of the Cooperative for that year which are to be shared by all Memberships in accordance with the allocation formula set forth in Section 5.3. Annual Assessments shall, at the discretion of the Cooperative, be payable in equal monthly installments as the Board determines in its discretion, in advance, on the first day of each month, as applicable. Annual Assessments shall provide, among other things, one or more than one adequate reserve fund for the replacement of those parts of the Property for which the Cooperative is responsible to replace by reason of ordinary wear and tear or obsolescence, except to the extent that the replacement is funded by limited Assessments pursuant to Section 14.4 or to the extent that the replacement is funded by other Assessments.

14.3 Special Assessments. In addition to annual Assessments, and subject to the limitations set forth hereafter, the Board may levy a special Assessment against all Memberships in accordance with the allocation set forth in Section 5.3. Special Assessments may be levied and assessed (i) to cover Cooperative expenditures of an emergency nature, (ii) to replenish underfunded replacement reserves, (iii) to cover unbudgeted capital expenditures or operating expenses of the Cooperative, or (iv) to maintain, repair, or replace components of the Property. A special Assessment may be payable in more than one year and in more than one installment.

14.4 Limited Assessments. In addition to other Assessments, the Board may, at its discretion (and, in certain instances set forth in this Section 14.4, shall), levy and allocate limited Assessments among all or only certain Memberships and Stock in accordance with the following requirements and procedures:

14.4.1 Notwithstanding any provision to the contrary in these Bylaws, any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element may, at the Board's discretion, be assessed exclusively against each Membership to which that Limited Common Element is assigned, (i) in proportion to the respective Common Expense liability, (ii) equally, (iii) by actual cost per Membership, or (iv) on such other fair basis determined by the Board.

14.4.2 Notwithstanding any provision to the contrary in these Bylaws, any Common Expense benefiting fewer than all of the Memberships may, at the Board's

discretion, be assessed exclusively against the Membership or Memberships benefited, (i) in proportion to the respective Common Expense liability, (ii) equally, (iii) by actual cost per Membership, or (iv) on such other fair basis determined by the Board.

14.4.3 Insurance deductibles may be assessed against a Membership and a Member's interest in an Apartment pursuant to Section 18.2.

14.4.4 Reasonable attorneys' fees and other costs incurred by the Cooperative in connection with (i) the collection of Assessments and (ii) the enforcement of the Governing Documents, the Act, or the Rules and Regulations against a Member or Occupant or a tenant or guest of a Member or Occupant, may be assessed against the Member's Membership.

14.4.5 Late charges, fines, and interest may be assessed as provided in Section 21.

14.4.6 Assessments levied to pay a judgment against the Cooperative may be levied only against the Memberships and a Member's interest in an Apartment existing at the time the judgment was entered, in proportion to their Common Expense liabilities.

14.4.7 If any damage to the Property is caused by the act or omission of any Member or of any Occupant of that Member's Membership, or by a guest or invitee of a Member or Occupant, or by any condition that exists in the Member's Membership, the Cooperative may assess the costs of repairing the damage, or assess any increase in insurance rates directly attributable to the act, omission, or condition; exclusively against the Member's Membership to the extent that the damage is not covered by insurance, and charge such costs or such increase to that Member.

14.4.8 If any Assessment or installment of an Assessment becomes more than thirty days past due, then the Cooperative may, upon at least ten days written notice to the Member responsible for the payment of such Assessment or installment, declare the entire amount of the Assessment immediately due and payable in full.

14.4.9 If Common Expense liabilities are reallocated for any purpose, Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.

14.4.10 If any increase in the cost of utilities that are otherwise paid by the Cooperative is caused by the act or omission of any Member, or of any Occupant of that Member's Membership, or of a guest or invitee of a Member or Occupant, or by any condition that exists in the Member's Membership, the Cooperative may assess the increased cost attributable to the act, omission, or condition, exclusively against the Member's Membership, and charge such costs to that Member.

14.4.11 The costs of utilities (to the extent not separately metered) may be assessed in proportion to usage or such other reasonable formula established by the Board.

Assessments levied under this Section 14.4 may, at the Board's discretion, be assessed as a part of, or in addition to, other Assessments levied under Section 14.

14.5 Liability of Members for Assessments. The obligation of a Member to pay Assessments with respect to the Member's Membership shall commence at the time that the Member takes ownership of the Membership. The Member at the time an Assessment or an installment thereof is payable with respect to the Membership is personally liable for the share of the Common Expenses assessed against such Membership. The Members' liability is joint and several where there are multiple owners of a Membership. The liability is absolute and unconditional. No Member is exempt from liability for payment of Assessments by right of set-off, by waiver of use or enjoyment of any part of the Property, by absence from or abandonment of the Membership, by a failure to use or take advantage of a Membership, by the waiver of any other rights, by reason of any claim against the Cooperative or its officers, directors, or agents, or by reason of the Cooperative's failure to fulfill any duties under the Governing Documents or the Act.

14.6 Assessment Lien. The Cooperative has a lien against a Member's Stock, and against a Member's interest in an Apartment, for any Assessment assessed to and/or levied against the Membership and Stock owned by that Member from the time the Assessment becomes due. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment thereof becomes due. Fees, charges, late charges, fines, and interest charges imposed by the Cooperative are liens, and are enforceable as Assessments, under these Bylaws. The release of the lien shall not release the Member from personal liability unless agreed to in writing by the Cooperative. The attorneys' fees and costs incurred by the Cooperative to prepare and record a satisfaction or release of the lien shall be the personal obligation of the Member owning the Stock, and who has an interest in an Apartment, that are subject to the lien, and shall be part of the amount of the lien.

14.7 Foreclosure of Lien; Remedies. A lien in favor of the Cooperative under these Bylaws may be foreclosed substantially in accordance with procedures set forth in Section 515B.3-116(h)(3) of MCIOA, or in accordance with procedures set forth in applicable or relevant provisions of the UCC. The Member, and any other Person claiming an interest in the Stock owned by that Member, by the acceptance or assertion of any interest in the Stock, grants to the Cooperative full authority to accomplish the foreclosure. The Cooperative shall, in addition, have the right to pursue any other remedy at law or in equity against the Member who fails to pay any Assessment against that Member's Membership or Stock or that Member. Any Stock acquired by the Cooperative through foreclosure shall be cancelled.

14.8 Lien Priority; Foreclosure. A lien under these Bylaws in favor of the Cooperative and against Stock is prior to all other liens and encumbrances against that Stock (or against any Membership affiliated with that Stock or a Member's interest) except as established by law, or as authorized by the Board pursuant to a recognition agreement or a similar agreement (notwithstanding Section 14.7, no portion of MCIOA shall govern or establish the priority of the Cooperative's lien for Assessments); **provided, that any security interest in the Member's Stock to a Secured Party shall be junior in priority to any lien or other interest in that Stock that is in favor of the Cooperative (regardless of whether such lien or other interest arises or is perfected before, on, or after the date that the Secured Party's interest in the Stock arises).**

14.9 Voluntary Conveyances; Statement of Assessments. In a voluntary conveyance of a Membership, the grantee of the Membership shall not be personally liable for any unpaid Assessments and other charges made by the Cooperative against the Membership or the grantor of the Membership prior to the time of conveyance to said grantee, unless expressly assumed by said grantee. However, the lien of such Assessments shall remain against the Stock owned by the grantor until released. Any such grantee or grantor shall be entitled to a statement, in recordable form, from the Cooperative setting forth the amount of the unpaid Assessments against the Membership, including all Assessments payable in the Cooperative's current fiscal year, which statement shall be binding on the Cooperative, and on such grantee or grantor.

14.10 Governmental Assessments. If a governmental assessment or other governmental charge is levied against any portion of the Property for improvements to roadways, utilities, or other infrastructure improvements serving the Property, the Cooperative shall have authority, but not the obligation, to allocate and levy such governmental assessment or other governmental charge equally against all Memberships, notwithstanding the fact that the levy made by the City or other governmental authority affects only certain portions of the Property.

## SECTION 15

### RESTRICTIONS ON USE OF PROPERTY

All Members and Occupants, and all Secured Parties, by their acceptance or assertion of an interest in a Membership or in Stock, or by their occupancy of an Apartment, covenant and agree that, in addition to any other restrictions which may be imposed by the Governing Documents, the occupancy, use, operation, alienation, and conveyance of the Property shall be subject to the following restrictions:

15.1 General. The Memberships shall be owned, conveyed, encumbered, and used, and the Property shall be leased, used, and occupied, subject to the Governing Documents and the Rules and Regulations, as amended from time to time, and the Act. All covenants, restrictions, and obligations set forth in the Governing Documents are in furtherance of a plan for the Property, and shall run with the Property and be a burden and benefit to all Members and Occupants and to any other Person acquiring or owning an interest in the Property or in a Membership, and their heirs, personal representatives, successors, and assigns.

15.2 Subdivision or Conversion Prohibited. Except as permitted by these Bylaws, no part of the Common Elements may be subdivided, partitioned, or converted.

15.3 Residential Use. The Apartments shall be used by Members and Occupants and their guests exclusively as private, single family residential dwellings, and not for commercial, business, or other non-residential purposes, except as provided in Section 15.4 and in other provisions of the Governing Documents. The Apartments shall not be used for transient or hotel purposes (any occupancy of an Apartment which includes services customarily furnished to hotel guests shall be presumed to be for transient or hotel purposes).

15.4 Business Use Restricted. No business, trade, occupation, or profession of any kind, whether carried on for profit or otherwise, shall be conducted, maintained, or permitted in any Apartment or the Common Elements, except as follows:

15.4.1 A Member or Occupant residing in an Apartment may keep and maintain his or her business or professional records in such Apartment and handle matters relating to such business by telecommunications or correspondence therefrom; provided, that such uses (i) are incidental to the residential use of the Apartment, (ii) do not involve a physical alteration or improvement of the Apartment that is visible from the Common Elements or from the exterior of the Apartment or the Building, (iii) are permitted by and comply with all governmental laws, ordinances, and regulations, (iv) do not involve any observable business activity such as signs, advertising displays, regular deliveries, or frequent visitation to or use of the Apartment by customers, employees, visitors, or vendors, (v) do not involve employees, independent contractors, or consultants (other than a Member having the right to occupy the Apartment pursuant to a Lease or Occupant of the Apartment); and (vi) do not involve disturbing noise, air pollution, safety hazards, increased insurance risk.

15.4.2 The Cooperative may maintain offices on the Property for management and related purposes.

15.5 Subleasing. Subleasing of an Apartment shall be allowed, subject to reasonable regulation by the Cooperative, and subject to the following conditions:

15.5.1 The Apartment must be subleased in its entirety (not by room);

15.5.2 No sublease shall be for a term of less than thirty days or more than twelve months, except where the Member subleasing the Apartment is simultaneously occupying the Apartment along with the sublessee;

15.5.3 Each sublease shall be in writing;

15.5.4 Before the commencement of a sublease, the sublease shall be submitted to the Cooperative for a decision by the Cooperative on whether to approve or deny the sublease, which approval process shall begin by the submission of the sublease, a written request (the "Request") to the Cooperative by the Member desiring to sublease the Apartment, and all additional information that may be reasonably requested by the Cooperative in connection with the Request. The Cooperative shall make every effort to approve or deny the Request, in writing, within ten days after the Cooperative's receipt of the Request and of all other additional information that may be requested by the Cooperative in connection with the Request. If the Cooperative does not approve or deny the Request within that ten day period, the Request shall be deemed to be denied by the Cooperative.

15.5.5 Only those persons listed on the Request as prospective sublessees shall be allowed to sublease the Apartment if the sublease is approved by the Cooperative;

15.5.6 Each sublease shall provide that it is subject to the Governing Documents, the Rules and Regulations, and the Act, and that any failure of the sublessee to comply with the terms of the Governing Documents, the Rules and Regulations, or the Act shall be a default under the sublease;

15.5.7 The occupancy of the Apartment shall be subject to the Governing Documents, the Rules and Regulations, and the Act;

15.5.8 The Cooperative shall, prior to occupancy of the Apartment by a sublessee, receive from the subleasing Member a copy of the fully-signed sublease;

15.5.9 Prior to occupancy of an Apartment by a sublessee, the Cooperative shall receive a written list of the name and telephone number of each person who will occupy the Apartment, and the absentee address and telephone number of the absentee Member; and

15.5.10 The Apartment shall not be subleased for transient or hotel purposes (any occupancy which includes services customarily furnished to hotel guests, shall be presumed to be for transient or hotel purposes).

The Cooperative may establish such reasonable Rules and Regulations governing the subleasing of the Apartments and governing the implementation of procedures for the subleasing of the Apartments, consistent with this Section 16.5 and applicable law, including, but not limited to, (i) a requirement for a form addendum to be attached to each sublease to assure that the rights and authority of the Cooperative and of the Members and Apartment Occupants are recognized, and (ii) a requirement for the screening of sublessees through a reputable, professional screening organization; provided, that such screening shall not violate federal, state, or local discrimination laws. Any violation of the Governing Documents, the Rules and Regulations, or the Act by any Person occupying or visiting an Apartment (whether or not pursuant to a sublease) shall be deemed to be a violation by the Member whose Lease relates to that Apartment. Any fines or other penalties imposed by the Cooperative as a result of a violation of the Governing Documents, the Governing Documents, or the Act shall be imposed upon that Member and shall be (i) that Member's personal responsibility to the Cooperative, (ii) assessed against that Member's Membership, and (iii) be a lien in favor of the Cooperative against that Member's Stock and that Member's interest in an Apartment. Notwithstanding anything to the contrary in this Section 15.5 or in the Bylaw, the leasing or subleasing of an Apartment by the Cooperative shall not be subject to this Section 15.5.

15.6 Delegation of Use. Subject to the restrictions set forth in Section 15.5, a Member may delegate, in accordance with the Governing Documents, the Member's right of use and enjoyment of the Apartment to Persons living in the Apartment pursuant to a legal right of possession; provided, that such Persons shall be subject to the Governing Documents, the Rules and Regulations, and the Act. If sublessees, or other Persons other than the Member or the Member's family, have been given the legal right to possess the Apartment (and if such possession is in accordance with, and allowed by, the provisions of Section 15.5), then those Persons shall have the right to use any common recreational facilities, parking, storage, and other amenities on the Property in lieu of the Member and the Member's family.

15.7 Storage and Parking. Personal property shall not be stored, displayed, or otherwise left outside the Apartments, except as authorized in writing by the Cooperative or by these Bylaws. All parking areas on the Property (if any) shall be used only for parking of vehicles owned or leased by Members and Occupants and their guests, and such other incidental uses as may be authorized in writing by the Cooperative. No parking areas shall be used for living quarters, or be converted to other uses or used for storage or other purposes which would prevent the parking of automobiles or similar vehicles and parking areas. The use of driveways, and all parking areas on the Property, and the amount, size, and types of vehicles and personal property permitted thereon, shall be subject to regulation (through the Rules and Regulations) by the Cooperative consistent with this Section 15.7 including without limitation the right of the Cooperative to tow vehicles parked in unauthorized areas or in a manner not authorized by the Cooperative and the right of the Cooperative to remove personal property kept in a manner or location that is not authorized by the Cooperative or by these Bylaws.

15.8 Pets. The Board shall have the exclusive authority to regulate or prohibit, by Rules and Regulations, the keeping of animals on the Property; provided, that the Board may only permit dogs, cats, small birds, small fish, and other animals generally recognized as common domestic house pets (collectively referred to as “pets”). The word “animal” herein shall be construed in its broadest sense and shall include all living creatures except humans. The following conditions shall apply to all pets allowed by the Board to be kept on the Property:

15.8.1 Rules and Regulations may be adopted by the Cooperative to prohibit or regulate pets on the Property including, but not limited to, the type, breed, and number of pets allowed to be kept in an Apartment, the transport of pets to and from an Apartment, and the disposal of pet waste.

15.8.2 Pets shall be kept solely as common domestic house pets (and/or as statutorily authorized “service animals” or “assistance animals” used by handicapped/disabled Persons, subject to the relevant federal and Minnesota laws and regulations governing handicapped/disabled Persons) and not for any other purpose. No animal of any kind shall be raised or bred, or kept for business or commercial purposes, by any Person upon any part of the Property.

15.8.3 Pets shall not be allowed to make an unreasonable amount of noise, nor to become a nuisance or a threat to the safety of Members, Occupants, and their guests.

15.8.4 Pets shall be housed only within the Apartments, and shall not be kept in a garage or other improvement. No structure, fence, or enclosure for the care, housing, or confinement of any pet shall be constructed or maintained on any part of the Property, except as approved pursuant to Section 16.

15.8.5 Pets shall be under control at all times when outside the Apartment, and either in a pet carrier or on a leash. In addition, all City leash laws and ordinances shall be followed.

15.8.6 The Board shall have authority to determine in its sole and absolute discretion whether a particular pet shall be permanently removed from the Property based upon the pet's behavior or the failure of the pet's owner to comply with (i) this Section 15, (ii) applicable governmental restrictions, laws, or ordinances, or (iii) any additional restrictions approved by the Board; provided, that such removal shall be subject to Section 21.4.

15.8.7 Each Member and Occupant keeping a pet within the Apartment occupied by such Member and Occupant are responsible for the pet's behavior and for complying with municipal pet laws, ordinances, and regulations. A Member is liable to the Cooperative for the cost of repair of any damage to the Property, or the damages and expenses associated with any personal injury, caused by an animal (i) kept by that Member on the Property, (ii) kept on the Property by an Occupant of the Apartment occupied by the Occupant, or (iii) brought upon the Property by a guest or invitee of that Member or that Occupant. The owner of that animal (if not that Member) shall also be liable for such costs, damages, and expenses.

15.8.8 All fines, or costs for repair or injury, imposed upon a Member for a failure to comply with any pet restrictions, or otherwise charged or imposed by the Cooperative pursuant to this Section 15, shall be charged to the Member and shall be assessed against the Member's Membership.

15.9 Signs and Personal Property. The installation, keeping, or use of signs and personal property on any portion of an Apartment visible from the Common Elements, or from the exterior of the Apartment or the Building, shall be subject to review and regulation as provided in Section 16.

15.10 Quiet Enjoyment; Interference Prohibited. All Members and Occupants and their guests shall have a right of quiet enjoyment in the respective Apartments occupied by them, subject to the rights of other Members and Occupants to reasonable use of the Apartments occupied by them in the usual and customary sounds and smells generated thereby given the multi-family structure of the Building. Taking into consideration the nature of the structure of the Building, Members and Occupants and their guests shall use and occupy the Property in such a manner as will not cause a nuisance or disturbance, nor unduly restrict, interfere with, or impede the use and quiet enjoyment of the Property by other Members and Occupants and their guests.

15.11 Conformance with Law. No use shall be made of the Property which would violate any then existing municipal codes or ordinances, or state or federal laws, nor shall any act or use be permitted which could cause waste to the Property, cause a material increase in insurance rates on the Property, or otherwise cause any unusual liability, health or safety risk, or expense, for the Cooperative or any Member or Occupant.

15.12 Access to Apartments. In case of emergency (which shall include, but not be limited to, the need to winterize an Apartment), the Apartments and Limited Common Elements are subject to entry, without notice and at any time, by an officer of the Cooperative, by a Member of the Board, by the Cooperative's management agents, or by any public safety

personnel. Such entry is also authorized for maintenance purposes under the conditions prescribed in Section 17 and for enforcement purposes under Section 20 and other provisions of the Governing Documents. Upon request by the Cooperative, a Member shall provide to the Cooperative a key to an entrance door to the Apartment that the Member has the right to occupy, which key shall be kept by the Cooperative and which may be used by the Cooperative, by the Cooperative's management agents, or by any public safety personnel, for gaining access to the Apartment in case of emergency or to perform any inspection, maintenance, repairs, or replacements that the Cooperative is obligated or authorized to perform under these Bylaws or under any other Governing Documents; provided, that except in case of an emergency, access to an Apartment using the key provided to the Cooperative shall not be undertaken except upon reasonable prior notice by the Cooperative to the Member of the Apartment, and such access shall only be by the President and/or the Vice President of the Cooperative (or any officer of the Cooperative if the President or the Vice President is unavailable at the time access is to be undertaken). Notwithstanding anything to the contrary in these Bylaws, no lock or lock system on an Apartment entry door shall be changed or otherwise modified without prior written approval of the Cooperative.

15.13 Prohibited Conduct. No Member or Occupant shall (i) cause or permit any physical changes to an Apartment that could jeopardize or impair the weather-tight soundness or safety of the Apartment or other improvements located on the Property; (ii) interfere with any easement; or (iii) cause or permit any physical changes to an Apartment which could affect or damage the sound barriers installed between Memberships or within the ceilings, floors, or walls of the Apartment. No improvement shall be erected or maintained, no excavation, grading, or reshaping shall be undertaken, and no refuse, fill, or other material shall be placed, on the Property, which may impede access on, about, or through the Property, cause damage to the Property or interfere with the installation, use, or maintenance of the improvements to the Property, or which may change or impede the flow of water through any natural, designed, improved, or graded drainage area.

15.14 Timeshares Prohibited. The timeshare form of ownership or any comparable form of lease, occupancy rights, or ownership which has the effect of dividing the Membership or occupancy of an Apartment into separate time or use periods, is prohibited.

15.15 Alterations. Alterations, changes, improvements, repairs, or replacements of any type, temporary or permanent, structural, decorative, or otherwise (collectively referred to as "alterations"), shall not be made, nor caused or allowed to be made, by any Member or Occupant, or their guests, in any part of the Common Elements, or in any part of the Apartment which affects the Common Elements or another Apartment, or which is visible from the exterior of the Apartment, without the prior written authorization of the Board, or a committee appointed by it, as provided in Section 16. The Board, or the appointed committee if so authorized by the Board, shall have authority to establish reasonable criteria and requirements for alterations, and shall be the sole judge of whether the criteria are satisfied.

## SECTION 16

### ARCHITECTURAL STANDARDS

16.1 Restrictions on Alterations. One of the purposes of these Bylaws is to ensure that those parts of the Apartments, the Limited Common Elements which are visible from the exterior of an Apartment, the Common Elements, and the Building, be kept architecturally attractive and uniform in appearance as determined by the Board. Therefore, except as otherwise set forth in this Section 16, the following restrictions and requirements shall apply to alterations on the Property:

16.1.1 Except as expressly provided in this Section 16, and subject to Section 16.5 and to any laws to the contrary, no modifications, improvements, repairs or replacements of any type, whether temporary or permanent, structural, aesthetic, or otherwise (collectively referred to as "alterations"), including, but not limited to, any structure, building, addition, deck, patio, fence, wall, enclosure, window, exterior door, antenna or other type of sending or receiving apparatus, sign, flag, display, decoration, color change, shrubbery, material topographical or landscaping change, or any other improvements, to or of an Apartment or a Limited Common Element, which (i) affects the Common Elements, the Limited Common Elements, or another Apartment or (ii) which is visible from the exterior of the Apartment, the Common Elements, or the Building, shall be, or caused or allowed to be, commenced, erected, or maintained by any Person unless and until the plans and specifications showing the nature, kind, shape, height, color, materials, and locations of the alterations shall have been approved in writing by the Board or a committee appointed by it. Notwithstanding anything in the foregoing to the contrary, the Cooperative has the right and authority to establish (i) Rules and Regulations regulating the exterior appearance of the Property (including, but not limited to, landscaping features, the exterior appearance of other portions of an Apartment, or the appearance of any item or condition that is visible from the exterior of an Apartment), and (ii) written policies and procedures allowing the installation, construction, and modification of certain types of improvements and landscaping within the Apartments that need not require the prior approval of the Board or a committee appointed by the Board, and which may be exempt from the other requirements of this Section 16 (but only if such exemption is specifically set forth in such written policies and procedures).

16.1.2 The Board may appoint, supervise, and disestablish an architectural committee, and specifically delegate to that committee part or all of the functions which the Board exercises under this Section 16, in which case the references to the Board shall refer to the architectural committee where appropriate. The architectural committee shall be subject to the supervision of the Board.

16.1.3 The Board may, at its discretion, establish the criteria for approval of alterations, which shall include and require, at a minimum:

16.1.3.1 substantial uniformity of color, location, type, and design in relation to existing Apartments,

16.1.3.2 comparable or better quality of materials as used in existing improvements on the Property,

16.1.3.3 ease of maintenance and repair,

16.1.3.4 adequate protection of the Property, the Cooperative, Members, and Occupants from liability and liens arising out of the proposed alterations,

16.1.3.5 substantial preservation of other Members' sight lines, if material, and

16.1.3.6 compliance with governmental laws, codes, and regulations.

16.1.4 The Board, or the appointed architectural committee if so authorized by the Board, shall be the sole judge of whether such criteria are satisfied. The Board, or such committee, in its sole discretion, may impose standards for designs, appearance, or construction, which are greater or more stringent than standards prescribed by the Governing Documents, the Lease, or by building, zoning, or other governmental laws, codes, or regulations; provided, that such standards shall be consistent with the architectural character and use of the Property. The purpose of the criteria established by the Board shall be (i) to preserve the architectural style and uniformity, the quality, and value of the Property, and (ii) to protect the Cooperative and the Members from undue liability arising out of the alterations or any construction activity in connection therewith.

16.1.5 Approval of alterations that encroach minimally upon another Apartment or the Common Elements shall create an appurtenant easement for such encroachment in favor of the Apartment with respect to which the alterations are approved, notwithstanding any contrary requirement in the Governing Documents. A file of the resolutions approving all alterations shall be maintained permanently as a part of the Cooperative's records.

16.2 Review Procedures. The following procedures shall govern requests for alterations under this Section 16:

16.2.1 Detailed plans, specifications, and related information regarding any proposed alteration, in form and content acceptable to the Board, shall be submitted to the Board only by the Member (who has a right to occupy that Apartment pursuant to a Lease) prior to the projected commencement of construction. The Member shall also provide such additional information relating to the alterations as the Board, or the appointed architectural committee, may request. No alterations shall be commenced prior to approval.

16.2.2 The Board shall give the Member written notice of approval or disapproval. The Board, or the appointed architectural committee, shall have the right and authority to approve, conditionally approve, or deny requests for alterations in its sole absolute discretion. The Board's failure to provide a written approval or disapproval shall not be deemed to be an approval by the Board.

16.2.3 If no request for approval is submitted, approval shall be deemed to be denied.

16.3 Remedies for Violations. The Cooperative may undertake any measures, legal or administrative, to enforce compliance with this Section 16 and shall be entitled to recover from the Member causing or permitting the violation all attorneys' fees and costs of enforcement incurred by the Cooperative, whether or not a legal action is started. Such attorneys' fees and costs shall be assessed against the Member's Membership and be the personal obligation of the Member. In addition, the Cooperative shall have the right to enter the Apartment and shall hereby have an easement on and over said Apartment, to restore any part of the Apartment to its prior condition if any alterations were made in violation of this Section, and the cost of such restoration shall be the personal obligation of the Member and be assessed against that Member's Membership.

16.4 Member Responsibility/Indemnity. If an alteration is made in an Apartment, regardless of whether the alteration is approved by the Board, the Member that has the right to occupy pursuant to a Lease shall be solely responsible for the construction standards and specifications relating to the alteration, and the construction work, and shall not allow any mechanic's lien to attach to or encumber any portion of the Property. That Member, and not the Cooperative, is responsible for determining whether any alteration is in violation of any restrictions imposed by any governmental authority having jurisdiction over the Property. That Member shall hold harmless, defend, and indemnify the Cooperative, and its former, present, and future officers, directors, other Members, and agents from and against any expenses, claims, damages, losses, or other liabilities, including, without limitation, mechanic's lien, attorneys' fees, and costs of litigation, arising out of (i) any alteration which violates any governmental laws, codes, ordinances, or regulations, (ii) the adequacy of the specifications for construction of the alterations, and (iii) the construction of the alterations.

16.5 Exemptions. The requirements set forth in this Section 16 (except Section 16.4) shall not apply to the following:

16.5.1 Antennas. Antennas that are installed within an Apartment, or within the Limited Common Elements allocated to the Apartment, as permitted by applicable federal law. Such installation shall be subject to all governmental laws, codes, and ordinances, including any limit on the height of television broadcast antennas. The Board shall have authority to impose reasonable Rules and Regulations consistent with law, including, but not limited to, the size and number of antennas that may be installed, the location of an antenna, and the camouflage of an antenna's appearance. The Member or other Occupant of the Apartment shall perform and pay for the installation, maintenance, and repair of the antenna.

16.5.2 Flags. The flags of the United States and Minnesota that are displayed within an Apartment or within a Limited Common Element allocated to the Apartment, as permitted by law. Such display and installation shall be subject to any relevant Rules and Regulations established by the Cooperative that are consistent with applicable law.

## SECTION 17

### MAINTENANCE

17.1 Maintenance by Cooperative. The Cooperative shall, subject to Section 17.3, maintain, repair, and replace (the terms “maintain,” “repair,” and “replace” will collectively be referred to in this Section 17 and other relevant portions of these Bylaws as “maintain,” “maintained,” or “maintenance”) certain specific components within the Apartments (as expressly set forth in this Section 17.1), the Common Elements and all improvements thereon, and the Limited Common Elements, subject to the following qualifications:

17.1.1 The cost of maintenance of a Limited Common Element required to be undertaken by the Cooperative may, at the discretion of the Board, be assessed against each Membership relating to each Apartment to which the Limited Common Element is allocated, and shall be charged to the Member of each such Membership, pursuant to Section 14.4. The Cooperative may assign to a Member the obligation for maintenance of a Limited Common Element allocated to the Apartment to which that Member has the right to use pursuant to a Lease (and the Cooperative may subsequently re-assign such obligation back to the Cooperative). However, if the Member fails to adequately perform the maintenance, the Cooperative may enter the Limited Common Element and the Apartment, perform the maintenance, charge the Member for the cost of the maintenance, and assess the Member’s Membership for such cost. The Cooperative shall have an easement on, over, and through that Apartment and the Limited Common Element for purposes of performing said maintenance.

17.1.2 The Cooperative shall be responsible for incidental damage caused to an Apartment or its Limited Common Elements by work undertaken by the Cooperative pursuant to this Section 17.1.

17.1.3 Notwithstanding the assignment of any maintenance obligations to a Member, the Cooperative shall have authority to approve any maintenance which affects any part of the Property other than the Apartment to which that Member has the right to use pursuant to a Lease, which may impair any easement, or which alters the appearance of the Property as seen from outside of the Apartment.

17.1.4 The Cooperative shall maintain any fire sprinkler system that may be installed by the Cooperative within a Building.

17.1.5 The Cooperative shall not be obligated to maintain or water any landscaping, lawn, tree, shrub, or other planting installed within the Common Elements by a Member or Occupant.

17.1.6 The Cooperative shall only be obligated to remove snow from, and sand, the streets, driveways, parking areas, sidewalks, and entry stoops within the Common Elements pursuant to its snow removal and sanding policies established by the Cooperative.

17.1.7 The Cooperative shall remove snow and ice dams from the roof of a Building only if the Cooperative determines that the snow or ice dams are causing leaks into, or causing other damage to, the Building, or causing or allowing water seepage into the Building.

17.1.8 The Cooperative shall maintain gas, electric, water, and sewer utilities, and all related apparatus, valves, wires, and disconnects, and which are located only on the Common Elements or which serve more than one Apartment, but such maintenance shall be provided only to the extent the maintenance is not provided by the relevant utility service provider.

17.1.9 Except as may be specifically set forth in this Section 17, the Cooperative shall not be obligated to maintain any hardware for any Apartment entry doors.

17.1.10 The Cooperative shall maintain all portions of windows and Apartment entry doors and the frames of the windows and the Apartment entry doors (and also including the glass and screens on, within, or attached to the windows), and the costs incurred by the Cooperative for such maintenance shall be assessed to the Membership of the Member having a right to occupy the Apartment pursuant to a Lease (and be the personal liability of that Member to the Cooperative) and on which such maintenance is performed (or to which the Limited Common Element is allocated, if a window or Apartment entry door is deemed to be a Limited Common Element); provided, that the Cooperative shall not perform the following work on or relating to such windows and Apartment entry doors except in the event such work is necessary as part of other maintenance to be performed by the Cooperative on a window or entry door: (i) painting, staining, or varnishing of interior surfaces and related trim, and (ii) maintenance of hardware (including, but not limited to, locks, locksets, handles, hinges, and weather stripping).

17.1.11 The Cooperative shall not maintain the following components serving a particular Apartment: any portion of an air conditioner, an air conditioner pad, a furnace and other heating equipment, a humidification system, a dehumidification system, or any ventilation system, or any apparatus, switches, mechanical systems, wiring, or any other portions of, an air conditioner, an air conditioner pad, a furnace and other heating equipment, a humidification system, a dehumidification system, or a ventilation system.

17.1.12 The Cooperative shall maintain exterior clothes dryer vents, roof vents, and wall vents (including only bath, stove, fireplace, combustion air, and plumbing vents), and maintain duct work from the clothes dryer to the external vent housing for the clothes dryer vent (but no other duct work from any other fixture).

17.1.13 The Cooperative shall perform pest eradication on the Common Elements, but only when deemed necessary by the Cooperative.

17.1.14 The plumbing and heating apparatus within the Apartment shall not be maintained by the Cooperative, except that the Cooperative shall replace (on a schedule deemed appropriate by the Cooperative) the furnace filters and the temperature thermostats in the Apartments.

17.2 Cost of Maintenance by Cooperative. All maintenance performed by the Cooperative under this Section 17 shall be funded by annual Assessments or, if necessary, special Assessments, unless otherwise provided in this Section 17. Notwithstanding the foregoing, the Cooperative reserves the right to levy, allocate, and assess the cost of any maintenance performed under this Section 17 to one or more than one Membership pursuant to Section 14.4.

17.3 Maintenance by Member. The Member shall, at the Member's sole expense and obligation, be responsible for maintenance as follows:

17.3.1 To maintain all portions of the Apartment which that Member has a right to occupy pursuant to a Lease (to the extent any portion of the Apartment is not maintained by the Cooperative pursuant to Section 17.1 or Section 17.4), and to keep that Apartment in a neat, good, clean, sanitary, and maintained condition.

17.3.2 To maintain the Limited Common Elements allocated to that Apartment, to the extent such maintenance is (i) that Member's specific obligation under these Bylaws, (ii) assigned by the Cooperative to the Member under Section 17.1.1, or (iii) not expressly to be performed by the Cooperative pursuant to these Bylaws.

17.3.3 To keep the Limited Common Elements allocated to that Apartment in a neat, good, clean, and sanitary condition (including, but not limited to, free of snow and ice), and in compliance with the Governing Documents, the Rules and Regulations, the Lease, and all applicable government requirements.

17.3.4 To perform all responsibilities under this Section 17.3 in such a manner as not to (i) damage the Property, (ii) unreasonably disturb or cause a hazard to other Persons occupying or using the Property, or (iii) cause waste or unreasonable use of common utilities or utilities that serve the Apartment but that are commonly metered (if any).

The Cooperative may undertake any maintenance of an Apartment or a Limited Common Element which the responsible Member fails to or improperly performs, and charge the Member for the cost thereof. Such cost shall be a personal obligation of that Member and be assessed against that Member's Membership. The Board may require that the Members perform their maintenance obligations pursuant to and in accordance with procedures, standards, guidelines, and criteria established by the Cooperative from time to time (such procedures, standards, guidelines, and criteria may include, but are not limited to, the type, style, manufacturer, size, color and quality of materials used in the maintenance, the time frame within which such

maintenance shall be accomplished, the qualifications of each contractor performing the maintenance, and the insurance coverages and types of insurance to be carried by such contractors). The Cooperative may, by Rules and Regulations, further define its obligations within the categories of maintenance obligations set forth in this Section 17.3 or added pursuant to Section 17.4.

17.4 Optional Maintenance by Cooperative. In addition to the maintenance described in Section 17.1, the Cooperative may, with the approval of Members who hold a majority of the total votes in the Cooperative, provide additional maintenance to the Property. Such approval may take place at a meeting called for such purposes, or by written ballot. No amendment to these Bylaws shall be required to establish the Cooperative's additional maintenance obligations approved pursuant to this Section 17.4. The maintenance performed by the Cooperative pursuant to this Section 17.4 may (as determined by the Cooperative) be funded by annual Assessments, by special Assessments, or by limited Assessments under Section 14.4.

17.5 Heating of Apartments. For the purpose of preventing damage to the Property, each Member and Occupant shall, at all times, maintain the temperature in the Apartment to which the Member has the legal right to use pursuant to a Lease (or in the Apartment occupied by the Occupant) at a minimum of 55° Fahrenheit, subject to the inability to maintain such temperature due to causes beyond the reasonable control of the Member or the Occupant. Any damage to the Property resulting from the temperature in an Apartment falling below 55° Fahrenheit may be repaired by the Cooperative and the cost thereof assessed by the Cooperative against the Member's Membership and charged to the Member.

17.6 Cable/Satellite Television and Other Electronic Communications Systems. The Cooperative has the authority, but not the obligation, to contract with one or more than one provider for cable television, satellite television, digital subscriber line service, and other electronic communications systems, to serve the Apartments. All charges imposed by each such provider shall be a Common Expense, whether or not such services are actually utilized by a Member or an Occupant. In the event that any Member or Occupant requests any additional services of any such provider that are not covered by the basic or general costs charged by any such provider to the Cooperative, the Cooperative may assess the costs of those additional services to the Membership owned by that Member who has the right to use the Apartment pursuant to a Lease (or which is occupied by that Occupant) and charge such costs to that Member (the Cooperative shall not be obligated, however, to contract or provide for such additional services, and may require that the Member or the Occupant requesting such additional services contract directly with the relevant provider for those additional services).

17.7 Duty to Report Defects and Needed Repairs. Members or Occupants shall promptly report to and notify the Cooperative of any defect in or need for repair to those parts of the Property which the Cooperative is obligated to maintain.

17.8 Waste of Common Utilities or Commonly Metered Utilities. A Member or an Occupant shall not cause waste, or unreasonable use, of common utilities or utilities that serve the Apartment to which that Member has the legal right to use pursuant to a Lease (or which is occupied by that Occupant) but which are commonly metered, if any. In the event the Cooperative determines that such waste or unreasonable use is occurring, the Cooperative shall

have the authority to levy and assess against that Member's Membership, and charge to that Member, the costs, charges, and fees (whether billed by the utility provider, or otherwise) associated with that waste or unreasonable use. Such costs, charges, and fees shall be calculated by the Cooperative using reasonable methods. Notwithstanding any provision to the contrary in these Bylaws, the Cooperative may repair or correct any condition (and enter upon any Apartment and Limited Common Element to do so) causing the waste or unreasonable use. The cost of the repair or correction may, at the Board's discretion, be assessed against that Member's Membership and be charged to that Member.

17.9 Damage Caused by Member or Others/Condition in an Apartment. Notwithstanding any provision to the contrary in these Bylaws, if, in the judgment of the Cooperative, the need for maintenance of any part of the Property is caused by the willful or negligent act or omission of a Member or Occupant, or a guest or invitee of a Member or Occupant, or by a condition in an Apartment (whether or not the Member or the Occupant, or such guest or invitee, has willfully or negligently allowed such a condition to exist) the Cooperative may cause such damage or condition to be repaired or corrected (and enter upon any Apartment and Limited Common Element to do so). The cost of the repair or correction may be assessed by the Cooperative against the Member's Membership and the Member's interest in an Apartment and shall be a personal obligation of that Member to the Cooperative.

17.10 Easements for Maintenance. Each Apartment, the Common Elements, and Limited Common Elements are subject to appurtenant easements in favor of the Cooperative for maintenance and reconstruction of the Property for which the Cooperative has responsibility. Each Member shall afford to the Cooperative and its management agents and employees, access at reasonable times to and through the Apartment and its Limited Common Elements for maintenance; provided, that access may be had without notice and at any time in case of emergency.

17.11 Trash/Recycling Removal. Unless the City provides for the removal of trash and recyclable materials from the Property, the Cooperative shall contract with one or more than one provider for the removal and disposal of trash and other solid wastes, and for the removal of recyclable materials, deposited in waste and recycling receptacles provided therefor on the Common Elements. All charges imposed by each such provider shall be a Common Expense, whether or not such services are actually utilized by a Member or an Occupant. In the event that any Member or Occupant requests any additional services not covered by the basic costs charged by each such provider, the Cooperative may assess the costs of those additional services to the Member's Membership and charge those costs to the Member.

17.12 Preservation of Natural Areas. Ponds, marshes, shoreline, wetland areas, vegetation, and trees, located on the Property, and whether natural or otherwise, shall be maintained in substantially the same condition as originally established or constructed, subject only to (i) changes authorized by the Cooperative consistent with all statutes, requirements, rules, and regulations imposed on such areas and items by governmental authorities having jurisdiction over any portion of the Property and (ii) the prior approval of any such governmental authorities, if required. No cutting, mowing, trimming, draining, dredging, or other alteration of such areas and items shall be permitted, except as authorized by Section 16, it being the intention that such

areas and items remain and be maintained in a substantially natural condition, and subject to natural changes.

## SECTION 18

### INSURANCE

18.1 Required Coverage. The Cooperative shall, to the extent reasonably available, obtain and maintain, at a minimum, a master policy of insurance in accordance with the insurance requirements set forth in this Section 18.1, issued by a reputable insurance company or companies authorized to do business in the state of Minnesota, as follows:

18.1.1 Property insurance in broad form covering all risks of physical loss in an amount equal to one hundred percent of the insurable "replacement cost" of the Property, exclusive of: (i) deductibles; and (ii) land, footings, excavation and other items normally excluded from coverage (but including all building service equipment and machinery). Notwithstanding the foregoing, the Cooperative (at the sole discretion of the Board) may or may not insure any or all of the following items within the Memberships (regardless of when installed): ceiling and wall finishing materials, finished flooring, cabinetry, finished millwork, electrical, heating, ventilating, air conditioning equipment, and plumbing fixtures serving a single Apartment, built-in appliances, and improvements and betterments. The policy or policies shall cover personal property owned by the Cooperative. The policy or policies shall also contain "Inflation Guard" and "Agreed Amount" endorsements, if reasonably available. Such policy or policies shall include such additional endorsements, coverages, and limits with respect to the foregoing and other hazards as may be required from time to time by the regulations of the Federal National Mortgage Cooperative ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal Housing Administration ("FHA"), the U.S. Department of Veterans Affairs ("VA"), or the U.S. Department of Housing and Urban Development ("HUD") as a precondition to their insuring, purchasing, or financing a security interest in or against the Property, but only if such additional endorsements, coverages, and limits are reasonably and economically available. The Board may also, on behalf of the Cooperative, enter into binding written agreements with a mortgagee, loan insurer, or loan servicer, including without limitation HUD, FHA, VA, FNMA, or FHLMC, obligating the Cooperative to keep certain specified coverages or endorsements in effect.

18.1.2 Commercial general liability insurance covering the use, operation, and maintenance of the Property, with minimum limits of one million dollars per occurrence, against claims for death, bodily injury, property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Property. The policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Member or Occupant because of negligent acts of the Cooperative or other Members or Occupants. The policy shall include such additional endorsements, coverages and limits with respect to such hazards as may be required by the regulations of HUD, FHA, VA, FNMA, or FHLMC as a precondition to their insuring, purchasing, or financing a security interest in or against the

Property, but only if such additional endorsements, coverages, and limits are reasonably and economically available. The policy shall insure against claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Elements in an amount deemed sufficient in the judgment of the Board, insuring the Board, the Cooperative, any management agent of the Cooperative, and their respective employees, agents, and all Persons acting as agents. The Members shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use, or management of the Common Elements. The insurance shall cover claims of one or more than one insured party against other insured parties.

18.1.3 Fidelity bond or insurance coverage against dishonest acts on the part of directors, officers, managers, trustees, employees or persons responsible for handling funds belonging to or administered by the Cooperative. The coverage must be for no less than a sum equal to three monthly installments (on an aggregate basis) of the then annual Assessment assessed to and levied against the Memberships and a Member's interest in an Apartment by the Cooperative, plus reserve funds. The fidelity bond or insurance shall name the Cooperative as the named insured, and shall comply with the regulations of FNMA, FHA, VA or FHLMC, respectively, if required by such agency as a precondition to its purchase, financing, insuring, or guaranteeing of a mortgage against the Property. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers, or a waiver of defense based upon the exclusion of persons serving without compensation shall be added.

18.1.4 Flood insurance, if the Property is located within an area which has been officially identified by HUD or any other appropriate federal agency as having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program or comparable federal flood insurance program. Such flood insurance shall have the minimum coverages established or directed by HUD or the appropriate federal flood insurance program.

18.1.5 Workers' Compensation insurance as applicable and required by law.

18.1.6 Directors and officers liability insurance with such reasonable limits and coverages as the Board shall determine from time to time.

18.1.7 Such other insurance as the Board may determine from time to time to be in the best interests of the Cooperative and the Members.

18.2 Premiums; Deductibles. All insurance premiums on the insurance obtained and maintained by the Cooperative shall be assessed and paid as part of an annual Assessment. If improvements and betterments to the Apartments are covered by the Cooperative's property insurance, any increased cost may be assessed against the Memberships to which the relevant Apartments are related and against the relevant Members' interests in those relevant Apartments. The deductibles on all insurance policies maintained by the Cooperative shall be in amounts set by the Board in its discretion. The Cooperative may, in the case of a claim for damage to one or

more than one Apartment, (i) pay the deductible amount as a Common Expense, (ii) assess the deductible amount against one or more than one Membership related to each affected Apartment in any reasonable manner, or (iii) require the Members who have Leases for the Apartments affected to pay the deductible amount directly. The Cooperative's decision as to who shall be charged with paying the deductible amount may, but need not, be based on fault. Notwithstanding anything to the contrary in this Section 18, the Cooperative may, in the case of claim against the Cooperative's property insurance, assess the deductible amount against all of the Memberships equally in the event that the deductible amount is calculated by the insurance company based upon the percentage of the value or cost (replacement or otherwise) of one or more than one Apartment or Building.

18.3 Loss Payee; Insurance Trustee. All insurance coverage maintained by the Cooperative shall be written in the name of, and the proceeds thereof shall be payable to, the Cooperative (or a qualified insurance trustee selected by it) as trustee for the benefit of the Members and Secured Parties which suffer loss. The Cooperative, or any insurance trustee selected by it, shall have exclusive authority to negotiate, settle, and collect upon any claims or losses under any insurance policy maintained by the Cooperative.

18.4 Required Policy Provisions. All policies of property insurance carried by the Cooperative shall, to the extent reasonably available, provide that:

18.4.1 Each Member is an insured Person under the policy with respect to liability arising out of the Member's interest in the Common Elements or Membership.

18.4.2 The insurer waives its right to subrogation under the policy against any Member or member of the Member's household and against the Cooperative and members of the Board.

18.4.3 The coverage shall not be voided by or conditioned upon (i) any act or omission of a Member or mortgagee, unless acting within the scope of authority on behalf of the Cooperative, or (ii) any failure of the Cooperative to comply with any warranty or condition regarding any portion of the Property over which the Cooperative has no control.

18.4.4 If at the time of a loss under the policy there is other insurance in the name of a Member covering the same property covered by the policy, the Cooperative's policy is primary.

18.5 Cancellation; Notice of Loss. All policies of property insurance and commercial general liability insurance maintained by the Cooperative shall provide that the policies shall not be canceled or substantially modified, for any reason, without at least thirty days prior written notice to the Cooperative, the insureds, and to any party holding the first security interest in the Property.

18.6 Restoration in Lieu of Cash Settlement. Property insurance policies maintained by the Cooperative shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable (i) without the

prior written approval of the Cooperative (or any insurance trustee) or (ii) when in conflict with provisions of any insurance trust agreement to which the Cooperative may be a party, or any requirement of law.

18.7 No Contribution. All policies of insurance maintained by the Cooperative shall be the primary insurance where there is other insurance in the name of the Member covering the same property, and may not be brought into contribution with any insurance purchased by Members or their Secured Parties.

18.8 Member's Personal Insurance. Each Member shall obtain and maintain at all times additional personal insurance coverage (commonly known as "gap coverage" or an "HO6" policy) at the Member's own expense covering (i) fire and other casualty to all portions of the Apartment relating to that Member's Membership not covered by the Cooperative's property insurance, (ii) the Member's personal property, (iii) the Member's personal liability, and (iv) the insurance deductibles under the Cooperative's insurance that may be allocated to the Apartment related to that Member's Membership by the Cooperative. All insurance policies maintained by Members shall provide that they are without contribution as against the insurance purchased by the Cooperative, except as to deductible amounts or other items not covered under the Cooperative's policies. Upon request by the Cooperative, a Member shall provide to the Cooperative a copy of the certificate(s) of insurance coverage evidencing the insurance required by this Section 18.8.

## SECTION 19

### RECONSTRUCTION, CONDEMNATION, EMINENT DOMAIN, AND TERMINATION

19.1 Reconstruction. The Cooperative shall be responsible for the repair and reconstruction of the Common Elements and, to the extent of the Cooperative's insurance, the Apartments, following damage or destruction. Any repair or reconstruction of the Apartments and/or Common Element improvements shall be subject to Board approval, and subject to any laws, ordinances, restrictions, or regulations of any governmental authority having jurisdiction over the Property.

19.2 Condemnation and Eminent Domain. In the event of a taking of any part of the Property by condemnation or eminent domain, Section 515B.1-107 of MCIOA shall substantially govern as if it applies to the Property; provided, (i) that the Cooperative shall be the attorney-in-fact to represent the Members in any related proceedings, negotiations, settlements, or agreements; and (ii) that any awards or proceeds shall be payable to the Cooperative for the benefit of the Members and their Secured Parties. Secured Parties shall be entitled to priority for condemnation awards as their interests may appear, unless such priority conflicts with said Section 515B.1-107 of MCIOA.

19.3 Termination and Liquidation. The termination of the Cooperative, and the distribution of any proceeds therefrom, shall be governed substantially as provided in Section 515B.2-119 of MCIOA as if it applies to the Property. Any surplus funds after the payment of the Cooperative's obligations shall be distributed among the Member in the same

ratio of the Members' obligation to pay annual Assessments, subject to offsets for amounts owed by a Member to the Cooperative.

19.4 Cooperative's Authority. In all cases involving condemnation, eminent domain, termination, or liquidation of the Cooperative, the Cooperative shall have authority to act on behalf of the Members in all related proceedings, negotiations, and settlement of claims. All proceeds shall be payable to the Cooperative to hold and distribute for the benefit of the Members. In the event of dissolution, the Cooperative may sell, convey, and otherwise deal with and dispose of, its remaining assets to facilitate the establishment of those assets and the division and distribution of the value of those assets among its Members.

## SECTION 20

### EASEMENTS

Each Apartment and the Common Elements, and the rights of the Members and the Occupants therein, shall be subject to, and/or be benefitted by, the appurtenant easements and rights granted and reserved in this Section 20.

20.1 Access Easements. Each Apartment shall be the beneficiary of an easement for access to a public roadway on or across those portions of the Common Elements designated for use as roadways or walkways, subject to any restrictions authorized by, or set forth in, the Governing Documents.

20.2 Use and Enjoyment Easements. Each Apartment shall be the beneficiary of easements for non-exclusive use and enjoyment on and across the Common Elements, and for exclusive use and enjoyment of any deck, patio, or porch allocated to the Apartment as a Limited Common Element, subject to any restrictions authorized by, or set forth in, the Governing Documents.

20.3 Structural Support Easements. Each Apartment and the Common Elements shall be subject to and be the beneficiary of perpetual, non-exclusive easements for structural support in all walls, columns, joists, girders, and other structural components located in or passing through, or shared with, another Apartment or the Common Elements.

20.4 Drainage Easements; Conservation Easements. The Common Elements and each Apartment shall be subject to a non-exclusive easement for storm water drainage in favor of the Members and Occupants for reasonable storm water drainage, and other normal site drainage, over those parts of the Common Elements and the Memberships which may be designed, improved, or graded for such purposes.

20.5 Recorded Easements/Restrictions. The Property shall be subject to, or benefitted by, such other easements or restrictions as may be recorded against it. Any recorded easement benefiting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by these Bylaws.

20.6 Easement for Encroachments. Each Apartment and the Common Elements, and the rights of the Members and Occupants therein, shall be subject to an exclusive easement for

encroachments in favor of the adjoining Apartments for fireplaces, walls, roof overhangs, air conditioning systems, decks, balconies, porches, patios, utility installations, and other appurtenances (i) which are part of the original construction of the adjoining Apartment or the Property, or (ii) properly approved by the Cooperative, the Board, or a committee established by the Board, prior to the date of these Bylaws, or (iii) which are added in compliance with Section 16. If there is a minor encroachment by an Apartment upon another Apartment as a result of the construction, reconstruction, repair, shifting, settlement, or movement of any part of the Property, an appurtenant easement for the encroachment, for the use, enjoyment, and habitation of any encroaching Apartment, and for the maintenance thereof, shall exist; provided, that with respect to improvements or alterations added pursuant to Section 16, no easement shall exist unless the improvement or alteration has been approved and the proposed improvements constructed, as required by these Bylaws. Such easements shall continue for as long as the encroachment exists and shall not affect the marketability of title.

20.7 Easement for Maintenance, Repair, Replacement, and Reconstruction. Each Apartment, and the rights of the Members and Occupants, and the Common Elements, shall be subject to, and benefited by, nonexclusive easements (and other use rights) in favor of the Cooperative and its management agents, employees, and contractors for the inspection, maintenance, repair, replacement, and reconstruction of the Common Elements, the Apartments, and utilities serving the Apartments, to the extent necessary to fulfill the Cooperative's obligations under the Governing Documents, and to allow the Cooperative to exercise its authority under the Governing Documents, the Rules and Regulations, and the Act. Each Member shall afford to the Cooperative and its management agents and employees, access at reasonable times to and through the Apartment and its Limited Common Elements for inspection, maintenance, repair, and replacement.

20.8 Utility Easements. The Common Elements and the Apartments shall be subject to and benefited by nonexclusive easements in favor of the City, the Cooperative and all utility companies and other service providers for the installation, use, maintenance, repair and replacement of all utilities, services, and common operating systems, such as natural gas, electricity, telephone, cable TV, satellite, internet, and other electronic communications, water, sewer, septic systems, wells, and similar services, irrigation systems, fire control systems and other common operating systems, and metering and control devices, which exist, which are constructed as part of the development of the Property, which are approved by the City, which are approved by the Cooperative under authority contained in the Governing Documents or the Act, or which are described or referred to in these Bylaws, or in a recorded instrument. Each Apartment, and the rights of the Members and Occupants, shall also be subject to and be benefited by a non-exclusive easement for all utilities, services, and systems serving the Apartment. Utilities and related services or systems shall be installed, used, maintained, and repaired so as not to interfere with the use and quiet enjoyment of the Apartments by the Members and Occupants, nor affect the structural or architectural integrity of the Apartments or Common Element improvements.

20.9 Municipal Easements; Public Safety and Health Access. The Common Elements and the Apartments are subject to a non-exclusive easement in favor of the City and other applicable governmental authorities or agencies as shall, from time to time, have jurisdiction over the Property, on and across drives, walkways, parking areas, and other open space areas of

the Property for the purpose of ingress and egress for police, fire, rescue, and other emergency purposes, animal control, health and protective inspection, sanitation, and to provide to the Members and the Cooperative other public services deemed necessary by the City and such other governmental authorities or agencies.

20.10 Emergency Access to Apartments. In case of emergency or perceived threat to public health or safety, all Apartments and Limited Common Elements are subject to an easement in favor of the Cooperative for access, without notice and at any time, by an officer or member of the Board, by the Cooperative's management agents, or by any public safety personnel.

20.11 Project Sign Rights. The Cooperative has the absolute right for the continuing use, maintenance, repair, and replacement of all monument signs (if any) identifying the Cooperative installed at any time, and related decorative improvements, on the Common Elements.

20.12 Other Easements. The Property shall be subject to such other easements as may be authorized by the Cooperative under authority contained in the Governing Documents or the Act, or recorded against the Property by reason of the City's requirements.

20.13 Easements are Appurtenant. All easements and similar rights burdening or benefiting an Apartment or any other part of the Property shall run with the land (the Property), and shall be permanent, subject only to termination in accordance with the terms of the easement. Any recorded easement benefiting or burdening the Property shall be construed in a manner consistent with, and not in conflict with, the easements created by these Bylaws.

20.14 Impairment Prohibited. The Cooperative shall not, and no Person shall, materially restrict or impair, or interfere with, any easement benefiting or burdening the Property, any use of the Property intended by any easement, or any equipment or improvements relating to the easement, subject to these Bylaws and the right of the Cooperative to impose reasonable Rules and Regulations governing the use of the Property. No personal property shall be placed within, or any improvement or alteration of the Property shall be made to, any easement area benefiting or burdening the Property which shall interfere in any manner with the easements described in these Bylaws.

20.15 Benefit of Easements. Subject to Section 15.6, all easements benefiting an Apartment shall benefit the Members and Occupants having a right to occupy the Apartment, and their families and guests.

20.16 Continuation and Scope of Easements. Notwithstanding anything in these Bylaws to the contrary, no Member or Occupant shall be denied reasonable access to the Apartment which they have a right to occupy or the right to utility services thereto. The easements set forth in this Section 20 shall supplement and not limit any easements described elsewhere in these Bylaws or recorded, and shall include reasonable access to the easement areas through the Apartments and the Common Elements for purposes of maintenance, repair, replacement, and reconstruction. All easement rights shall include a right of reasonable access to maintain, repair, and replace the utility lines and related equipment.

20.17 Standards for Exercising Easement Rights. All Persons exercising easement rights shall (i) do so in a reasonable manner so as not to materially interfere with the operation of the Property or cause damage to the Property; (ii) promptly repair any damage to the Property which they or their family members, invitees, guests, employees, or agents caused; (iii) be financially liable to the Cooperative for all costs incurred by the Cooperative to repair of any part of the Property which is damaged by the Person or by the Person's family members, invitees, employees, or agents; and (iv) hold harmless, indemnify, and defend the Cooperative and other Members, and the officers and directors of the Cooperative, from and against all claims, damages, losses, and other liabilities arising out of the exercise of the easement rights.

20.18 No Public Easement Rights. No grant, dedication, or creation of an easement under these Bylaws shall constitute a dedication of the easement area or the use thereof to the public, it being the intent of these Bylaws that the Common Elements be and remain private property subject to operation and regulation by the Cooperative, and that the Apartments be and remain private property subject to operation and regulation by the Cooperative, all in compliance with the Governing Documents.

20.19 Restriction on Third Party Easement Grants. Except for the Board in the exercise of its authority granted by the Governing Documents, no Person shall create, grant, or convey any easement or comparable rights upon any portion of the Property without the prior written approval of the Board; provided, that the Board may authorize a Member to grant an easement over the Apartment which that Member has a right to occupy if (i) the easement will not adversely affect the Common Elements or another Apartment and (ii) the easement is consistent with the overall design and plan for the Property as approved by the City.

## SECTION 21

### COMPLIANCE AND REMEDIES

Each Member and Occupant, and any other Person owning or acquiring any interest in the Property (by way of a Lease or otherwise), shall be governed by and comply with the provisions of the Act, the Governing Documents, the Rules and Regulations, the Lease, and such amendments thereto as may be made from time to time, and the decisions of the Cooperative. A failure to comply shall entitle the Cooperative to the relief set forth in this Section 21, in addition to the rights and remedies authorized in the Governing Documents, the Rules and Regulations, and the Act.

21.1 Entitlement to Relief. The Cooperative may commence legal action to recover sums due, for damages, for injunctive relief, or to foreclose a lien owned by it, or any combination thereof, or an action for any other relief authorized by the Governing Documents, the Rules and Regulations, the Lease, or available at law or in equity. Legal relief may be sought by the Cooperative against any Member, or by a Member against the Cooperative or another Member, to enforce compliance with the Governing Documents, the Rules and Regulations, the Act, the Lease, or the decisions of the Cooperative. However, no Member may withhold any Assessments payable to the Cooperative, or take (or omit) other action in violation of the Governing Documents, the Rules and Regulations, or the Act, as a measure to enforce such Member's position, or for any other reason.

21.2 Remedies. In addition to any other remedies or sanctions, expressed or implied, administrative or legal, the Cooperative shall have the right, but not the obligation, to implement any one or more than one of the following actions against Members and Occupants and/or the guests of any Member or Occupant who violate the provisions of the Governing Documents, the Rules and Regulations, or the Act:

21.2.1 Commence legal action for damages or equitable relief in any court of competent jurisdiction.

21.2.2 Impose late charges for each late payment of an Assessment or an installment thereof, plus interest at eight percent per annum or any higher rate allowed by law accruing from the first day of the month following the month for which the Assessment installment was due.

21.2.3 In the event any Assessment or installment thereof assessed against a Membership and a Member's interest in an Apartment is more than thirty days past due, all remaining installments of the Assessment may be accelerated and shall then be payable in full if all delinquent Assessments, together with all costs of collection, attorneys' fees, and late charges, are not paid in full prior to the effective date of the acceleration. At least ten days advance written notice of the effective date of the acceleration shall be given to the defaulting Member.

21.2.4 Impose reasonable fines, penalties, or charges for each violation of the Act, the Governing Documents, the Lease, or the Rules and Regulations.

21.2.5 Suspend the rights of any Member or Occupant and their guests to use any Common Element amenities; provided, that this suspension of use shall not apply to Limited Common Elements or easements appurtenant to an Apartment, and those portions of the Common Elements providing utilities service and access to the Apartment. Such suspensions shall be limited to periods of default by such Members and Occupants in their obligations under the Governing Documents, and for up to thirty days thereafter in the case of suspension of use rights, for each violation.

21.2.6 Restore any portions of the Common Elements, an Apartment, or Limited Common Elements damaged or altered, or allowed to be damaged or altered, by any Member or Occupant or a guest or invitee of the Member or the Occupant, in violation of the Governing Documents or the Lease and the Cooperative shall have an easement to carry out such restoration, and to charge the cost of such restoration against the responsible Member and assess that cost to the Member's Membership.

21.2.7 Enter any Apartment or Limited Common Element in which, or as to which, a violation or breach of the Governing Documents or the Rules and Regulations exists which materially affects, or is likely to materially affect in the near future, the health or safety of the other Members or Occupants or their guests, or the safety or soundness of any Apartment or other part of the Property or the property of the Members or Occupants, and to summarily abate and remove, at the expense of the Member or Occupant of the Apartment, any structure, thing, or condition in the Apartment or

Limited Common Elements which is causing the violation; provided, that any improvements which are a part of an Apartment may be altered or demolished only pursuant to a court order or with the agreement of the Member.

21.2.8 Foreclose any lien arising under the provisions of the Governing Documents or under law, in any manner authorized by the Governing Documents or the law.

21.2.9 Terminate a Member's Lease, Membership, and Stock, other than by foreclosure of a lien in favor of the Cooperative and against that Member's Stock and against a Member's interest in an Apartment, and sell the Member's Stock at public or private sale (at the option of the Cooperative).

21.3 Termination of Membership. If the Cooperative terminates a Member's Lease, the Member's Membership and all rights therein and stemming therefrom shall immediately terminate. The Cooperative shall provide the Member with at least thirty days advance written notice of the effective date of termination of the Member's Lease and Membership. On the effective date of the termination of the Member's Lease and Membership, the Member's Stock shall be deemed terminated by the Cooperative. The Member shall then immediately deliver to the Cooperative the Member's Stock Certificate and Lease, both endorsed in such manner as may be required by the Cooperative; provided, that the failure of the Member to deliver or endorse the Stock Certificate or Lease shall not affect the termination of the Lease, the Stock, or the Membership. The Cooperative may thereupon, at its sole discretion, (i) pay to the Member the amount that the Member originally paid for the Stock (if any) less the amounts set forth in Sections 21.3.1 through 21.3.4 (provided, that the Cooperative is not hereby required to pay to the Member any such amounts), or (ii) proceed with reasonable diligence to sell the Stock to a purchaser at a sales price acceptable to the Cooperative. If the Cooperative elects to sell the Stock, the Cooperative may, at its sole discretion, distribute to the defaulting Member the proceeds of the sale, less the following amounts (the determination of such amounts by the Cooperative shall be conclusive):

21.3.1 All amounts payable to the Cooperative by that Member under the Lease and the Governing Documents;

21.3.2 The cost or estimated cost of all deferred maintenance on and within the Apartment, including painting, redecorating, floor finishing, and such repairs and replacements as are deemed necessary by the Cooperative, to place the Apartment in suitable condition for occupancy;

21.3.3 Attorneys' fees, other legal fees, and other charges and expenses, incurred by the Cooperative in connection with that Member's default, termination of the Lease, the Membership, and the Stock, the collection of any amounts due by the Member to the Cooperative, and the resale of the Stock; and

21.3.4 Commissions, closing costs, and other costs associated with the Cooperative's sale of the Stock, if the Cooperative elects to resell the Stock.

In the event of such termination, it shall thereupon be lawful for the Cooperative to re-enter the Apartment and all Limited Common Elements allocated thereto and to remove all Persons and personal property therefrom, in any provided by, or not prohibited by, law, and to repossess the Apartment and such Limited Common Elements.

21.4 Rights to Hearing. In the case of imposition of any of the remedies authorized by Section 15.8.6, 21.2.7, or 21.2.9, the Board shall, upon written request of the offending Member, grant the offending Member a hearing. The hearing may be held before the Board or a committee of three or more disinterested Members appointed by the Board. The offending Member shall be given notice of the nature of the violation and the right to a hearing, and at least ten days within which to request a hearing. The hearing shall be scheduled by the Board/committee and held within thirty days of receipt of the hearing request by the Board/committee, and with at least ten days prior written notice to the offending Member. If the offending Member fails to request, or to appear at, the hearing, then the right to a hearing shall be deemed waived by the offending Member and the Board/committee may take such action as it deems appropriate. Hearings shall be conducted in a fair and equitable manner. The decision of the Board/committee and the rules for the conduct of hearings established by the Board, shall be final and binding on all parties. The Board's/committee's decision shall be delivered in writing to the offending Member within ten days following the hearing, if not delivered to the offending Member at the hearing (the failure of the Board/committee to timely notify the offending Member of such decision shall not invalidate that decision and the offending Member shall remain bound by that decision). Any fines to be imposed by the Cooperative may, at the Board's discretion, be retroactive to the date of the violation or offense.

21.5 Lien for Assessments, Charges, Penalties, Etc. All Assessments, charges, fines, penalties, or interest imposed or assessed under this Section 21, other provisions of the Governing Documents, the Act, the Lease, and the Rules and Regulations shall be a lien against the Stock owned by the Member against whom the same are imposed and be a lien against the Member's interest in an Apartment, and be the personal obligation of such Member in the same manner and with the same priority and effect as Assessments under Section 14.8. The lien shall attach as of the date of imposition of the remedy, but shall not be final as to violations for which a hearing is actually held (in the event a hearing is required under the Governing Documents) until the Board/committee gives written notice following the hearing. All remedies shall be cumulative, and the exercise of, or failure to exercise, any remedy shall not be deemed a waiver of the Cooperative's right to pursue any other remedy.

21.6 Costs and Fees. With respect to any collection measures, or any other measures or actions, whether legal, administrative, or otherwise, which the Cooperative takes to enforce the provisions of the Act, the Governing Documents, the Rules and Regulations, the Lease, or any procedures, standards, guidelines, or criteria established by the Cooperative under its authority in the Governing Documents or the Act, whether or not finally determined by a court or arbitrator, the Cooperative may charge the relevant Member and assess that Member's Membership with any expenses incurred in connection with such enforcement, including without limitation fines or charges previously imposed by the Cooperative, reasonable attorneys' fees, other legal expenses, and interest (at eight percent per annum or any higher rate allowed by law) on the delinquent amounts owed to the Cooperative. Such expenses shall also include any collection or contingency fees or costs charged to the Cooperative by a collection agency or

other Person acting on behalf of the Cooperative in collecting any delinquent amounts owed to the Cooperative by a Member or Occupant. Such attorneys' fees, collection or contingency fees, and other costs shall be the personal obligation of such Member and shall be assessed against such Member's Membership.

21.7 Liability for Acts of Members and Occupants. A Member shall be liable for the expense of any maintenance, repair, or replacement of the Property rendered necessary by such Member's acts or omissions, or by the acts or omissions of Occupants or guests in or visiting the Apartment which that Member has the right to occupy, to the extent that such expense is not covered by the proceeds of insurance carried by the Cooperative or such Member or Occupant (and such expense shall be assessed by the Cooperative against that Apartment). However, any insurance deductible amount and/or increase in insurance rates, resulting from the Member's acts or omissions may be charged to the Member responsible for the condition and be assessed against that Member's Membership.

21.8 Enforcement by Members. The provisions of this Section shall not limit nor impair the independent rights of other Members to enforce the provisions of the Governing Documents, the Rules and Regulations, the Lease, and the Act as provided therein.

## **SECTION 22**

### **INDEMNIFICATION**

The Cooperative shall, to the extent such liability is not covered by insurance, indemnify every individual acting in any official capacity on behalf of the Cooperative, in substantial accordance with the indemnification procedures requirements set forth in Minnesota Statutes Section 317A.521.

## **SECTION 23**

### **CONFLICTS OF INTEREST**

The determination of whether a conflict of interest of a director or officer of the Cooperative exists as to a contract or other transaction between the Cooperative and (1) a director or officer of the Cooperative or a member of the family of a director or officer of the Cooperative, (2) a director of a related organization, or a member of the family of a director of a related organization, or (3) an organization in or of which a director or officer of the Cooperative, or a member of the family of a director or officer of the Cooperative, is a director, officer, or legal representative or has a material financial interest, shall be made in substantial accordance with the conflict of interest procedures set forth in Minnesota Statutes Section 317A.255.

## **SECTION 24**

### **AMENDMENTS**

These Bylaws may be amended, and the amendment shall be effective, as provided in this Section:

24.1 Approval. The amendment must be approved (i) by the Board and (ii) by Members who have authority to cast at least a majority of the total votes in the Cooperative. Approval by the Members shall be at a duly held meeting of the Members, and the votes of the Members may be cast in person or by absentee ballot.

24.2 Notice. A copy of the proposed amendment and the notice of such meeting shall be mailed by United States mail, or hand delivered, to all Members authorized to cast votes.

24.3 Effective Date. The amendment shall be effective on the date of its approval by the Members, and need not be recorded against the Property in the office of the Registrar of Titles in and for Hennepin County, Minnesota. An affidavit by the Secretary of the Cooperative as to the outcome of the vote shall be adequate evidence thereof for all purposes.

## SECTION 25

### MISCELLANEOUS

25.1 Severability. If any term, covenant, or provision of these Bylaws or any exhibit attached hereto is held to be invalid or unenforceable for any reason whatsoever, such determination shall not be deemed to alter, affect or impair in any manner whatsoever any other portion of these Bylaws or exhibits attached hereto.

25.2 Construction. Where applicable, the masculine gender of any word used herein shall mean the feminine or neutral gender, or vice versa, and the singular of any word used herein shall mean the plural, or vice versa. References to the Act or the UCC, or any sections thereof, shall be deemed to include any statutes amending or replacing the Act or the UCC, and the comparable sections thereof.

25.3 Notices. Unless specifically provided otherwise in the Governing Documents or the Act, all notices required to be given by or to the Cooperative, the Board, the officers or directors of the Cooperative, or the Members or Occupants, shall be in writing and shall be effective upon hand delivery, or upon mailing if properly addressed with postage prepaid and deposited in the United States mail; except that registrations pursuant to Section 5.11 of these Bylaws shall be effective upon receipt by the Cooperative. Notices to be given to the Cooperative, the Board, or to the officers or directors of the Cooperative, shall be delivered or mailed to the registered office of the Cooperative. Notices to be given to a Member or Occupant shall be delivered or mailed to that Member or Occupant at the Apartment occupied by that Member or Occupant, or to such other address that such Member or such Occupant has provided to the Cooperative in writing.

25.4 Conflicts Among Documents. In the event of any conflict among the provisions of the Lease, the Act, these Bylaws, or the Rules and Regulations, the Act shall control (unless the Act permits the documents to control). In the event of any conflict among the provisions of the Lease, these Bylaws, or the Rules and Regulations, these Bylaws shall control. In the event of any conflict among the provisions of the Lease and the Rules and Regulations, the Rules and Regulations shall control.

25.5 Duration of these Bylaws. All provisions of these Bylaws shall be perpetual, subject only to termination as provided in these Bylaws and the Act.

25.6 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.

25.7 Corporate Seal. The Cooperative need not have a corporate seal. If the Cooperative has a corporate seal, it may use it at the discretion of the Board.

25.8 Fiscal Year. The fiscal year of the Cooperative shall be the calendar year (January through December); provided, that the fiscal year may be changed by the Board at its discretion.

The undersigned, the President of the Cooperative, hereby executes these Bylaws and certifies that these Bylaws were adopted as these Bylaws of the Cooperative, by action of the Board, with the approval of the required number of Member votes.

Dated: 11/21/16

Robert D. Christensen  
President

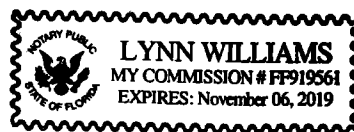
3540 James Avenue South, Inc.,

STATE OF Florida  
COUNTY OF Collier ) ss.

The instrument was acknowledged, subscribed to, and sworn to, before me this 21 day of January, 2016, by Robert D. Christensen, the President of 3540 James Avenue South, Inc., a Minnesota cooperative, on behalf of said cooperative.

Lynn Williams  
Notary Public

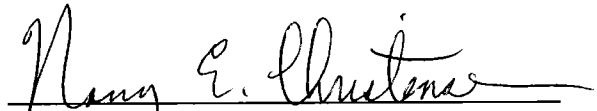
THIS INSTRUMENT WAS DRAFTED BY:  
Fredrick R. Krietzman, Esq.  
FELHABER LARSON  
220 South 6th Street, Suite 2200  
Minneapolis, Minnesota 55402  
(612) 373-8418



**3540 JAMES AVENUE SOUTH, INC.**  
**AMENDED AND RESTATED BYLAWS**  
**AFFIDAVIT OF SECRETARY**

STATE OF MINNESOTA    )  
  ) ss.  
COUNTY OF Hennepin    )

The undersigned, Secretary of 3540 James Avenue South, Inc. (the "Cooperative"), a Minnesota cooperative, being first duly sworn on oath, hereby swears and certifies, pursuant to the applicable provisions of the existing Bylaws of the Cooperative, as may be amended (collectively the "Existing Bylaws"), and Minnesota Statutes Chapter 308A, that the Amended and Restated Bylaws of the Cooperative (the "Amended and Restated Bylaws") to which this Affidavit is attached have been approved by the Members holding not less than two-thirds of the votes in the Cooperative, in compliance with the requirements of the Existing Bylaws and Minnesota law. Unless defined in this Affidavit, the terms used in this Affidavit shall have the same meaning assigned to them in the Amended and Restated Bylaws.

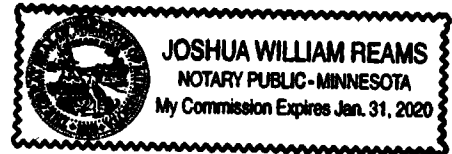
  
Secretary

STATE OF MINNESOTA    )  
  ) ss.  
COUNTY OF Hennepin    )

The instrument was acknowledged, subscribed to, and sworn to, before me this 6<sup>th</sup> day of January, 2016, by Nancy Christensen, the Secretary of 3540 James Avenue South, Inc., a Minnesota cooperative, on behalf of said cooperative.

  
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:  
Fredrick R. Krietzman, Esq.  
FELHABER LARSON  
220 South 6th Street, Suite 2200  
Minneapolis, Minnesota 55402  
(612) 373-8418



**3540 JAMES AVENUE SOUTH, INC.**

**EXHIBIT A TO AMENDED AND RESTATED BYLAWS**

**DESCRIPTION OF THE PROPERTY**

**The legal description of the Property is as follows:**

Lots 9 to 13 inclusive, and all of Lot 14 except the North five feet, front and rear thereof, Hull-Berg Addition, Hennepin County, Minnesota

**3540 JAMES AVENUE SOUTH, INC.**

**EXHIBIT B TO AMENDED AND RESTATED BYLAWS**

**SCHEDULE OF APARTMENTS; ALLOCATIONS OF SHARES OF STOCK; AND  
ALLOCATIONS OF COMMON EXPENSES**

Apartment No.	Shares of Stock in the Cooperative Allocated to the Membership Associated with the Apartment	Portion of Common Expenses Allocated to the Membership Associated with the Apartment*
100	425	6.250000%
101	650	9.558824%
102	450	6.617647%
103	350	5.147059%
104	450	6.617647%
105	650	9.558824%
106	425	6.250000%
200	425	6.250000%
201	650	9.558824%
202	450	6.617647%
203	350	5.147059%
204	450	6.617647%
205	650	9.558824%
206	425	6.250000%
<b>Total</b>	<b>6800</b>	<b>100%**</b>

\*Not including real estate taxes allocated to the Membership.

\*\*Rounding to five decimal places.