

**BY-LAWS
OF
CHURCH HILL EAST HOMEOWNERS ASSOCIATION**

The name of the Association is CHURCH HILL EAST HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association". The principal offices of the Association shall be located at 1407 33rd Street South, St. Cloud, MN 56301.

**BY-LAW 1
DEFINITIONS**

The following words, when used in these By-laws and any amended By-laws (unless the context shall prohibit), shall have the following meanings:

1.1 "Association" shall mean and refer to CHURCH HILL EAST HOMEOWNERS ASSOCIATION.

1.2 "Common Properties" shall mean and refer to all parts of the Properties except the Lots on which a residential home may be constructed, including improvements thereon owned by the Association for the purpose of and intended to be devoted to the common use and enjoyment of the Owners; the Common Properties therefore are:

Outlots B and E, as shown in the Plat of CHURCH HILL EAST.

1.3 "Declaration" shall mean and refer to that certain Declaration of Covenants, Conditions and Restriction, CHURCH HILL EAST, a Planned Community, made by the Declarant and filed for record in the office of the County Recorder in and for the County of Benton and State of Minnesota, to which the Lots and Outlots shown on the recorded plat of the Properties are subject.

1.4 "Declarant" shall mean and refer to Croat Land Company, Inc., a Minnesota corporation, its successors and assigns.

1.5 "Lot" shall mean and refer to any parcel of land shown on any recorded subdivision map within the Properties on which a residential home may be constructed (i.e., the definition of Lots does not include Common Properties as defined in 1.2 above.)

1.6 "Members" shall mean and refer to all Owners who are Members of the Association as provided in By-Law 4.1.

1.7 "Occupant" shall mean and refer to any person or persons, other than an Owner in possession of or residing in a Dwelling.

1.8 "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to any Lot situated upon the Properties but, notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure, but excluding contract for deed vendors, mortgagees and other secured parties. The term "Owner" includes, without limitation, contract for deed vendees and holders of a life estate. Until the Properties are fully developed, the Declarant will be considered the Owner of, and entitled to vote, the number of platted Lots owned by it.

1.9 "Owner Other Than Declarant" shall mean and refer to a person who acquires a Lot for occupancy as a residential dwelling rather than for the purpose of construction and resale of a dwelling thereon; conveyance of a Lot or Lots from Declarant to a party to whom Special Declarant Rights are also conveyed, or to an approved developer or other builder who acquires Lots for the purpose of resale and construction of Dwellings thereon, shall not be considered a conveyance "to Owners other than Declarant" until such time as the Lot, together with the Dwelling constructed thereon, is sold by an approved developer or builder to another person for occupancy as a Dwelling.

1.10 "Period of Declarant Control" shall mean and refer to the period of time during which Declarant exercises special control over the operation and administration of the Association as provided in Section 11.5 of the Declaration.

1.11 "Properties" shall mean and refer to all of the lands included in those parts of the following plat on file and of record in the office of the County Recorder in and for Benton County, Minnesota, to wit:

CHURCH HILL EAST, filed on the ____ day of _____, 2003,
Doc. No. _____.

BY-LAW 2
PLAN OF OWNERSHIP

2.1 Member Ownership. A Member shall hold in fee simple the title to any Lot or Lots, subject to the Declaration of Covenants, Conditions and Restrictions.

2.2 Association Ownership. The Association may acquire, own, lease or otherwise hold Common Properties pursuant to its Articles of Incorporation and these By-laws.

BY-LAW 3
PERSONS SUBJECT TO BY-LAWS

3.1 Comprehensive Application of By-Laws. All present and future Owners, and all other persons that use the Properties in any manner are subject to the regulations set forth in these By-laws. The mere acquisition of any of the Lots or of a residential home or the mere act of occupancy of any residential home signify that these By-laws are accepted, ratified and will be complied with.

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

3.3 Registration of Owners and Occupants. Each Owner shall register with the Secretary of the Association, in writing, within 30 days after taking title to a Lot, (i) the name and address of the Owners and any Occupants of the Lot, (ii) the nature of such Owner's interest or estate in each Lot owned; (iii) the address at which the Owner desires to receive notice of any meeting of the Owners, if other than the Lot address; (iv) the name and address of the secured party holding the first mortgage on the Lot, if any; and (v) the name of the Owner, if there are multiple Owners of the Lot, who shall be authorized to cast the vote with respect to the Lot. The Owner shall have a continuing obligation to advise the Association in writing of any changes in the foregoing information.

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

BY-LAW 4
MEMBERSHIP, VOTING, MAJORITY
OWNERS, QUORUM, PROXIES, MEETINGS

4.1 Membership. Any person or entity on becoming an Owner of a fee or undivided fee interest in any Lot including contract buyers shall automatically become a Member of this Association and be subject to these By-laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association during the period of such ownership and the membership in this Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former Owner and Member arising out of or in

any way connected with the ownership and membership and the covenants and obligations incident thereto.

4.2 Voting Rights. Each Member, including the Declarant, shall be entitled to one (1) vote for each Lot in which he holds the interest required for membership by By-Law 4.1. When more than one person holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

4.3 Quorum. A quorum shall be constituted by those Members present in person or by proxy at a meeting of the Members entitled to cast fifty (50%) of all the votes of the membership, which is initially presumed to be a total of 33 Members. An affirmative vote of 51% of the Lots represented by Members present, either in person or by proxy, shall be required to transact business, except as hereinafter stated. Any meeting may be adjourned from time to time, but until no longer than 15 days later, without notice other than announcement at the meeting as initially called. If a quorum is present at the reconvened meeting, any business may be transacted which might have been transacted at the meeting as initially called had a quorum then been present. The quorum, having once been established at a meeting or a reconvened meeting, shall continue to exist for that meeting notwithstanding the departure of any Owner previously in attendance in person or by proxy. The Association may not be counted in determining a quorum as to any Lot owned by the Association.

4.4 Voting by Proxy. An Owner may cast the vote which is allocated to the Owner's Lot and be counted as present at any meeting of the Owners by executing a written proxy naming another Person entitled to act on that Owner's behalf, and delivering the same to the Secretary before the commencement of any such meeting. All proxies granted by an Owner shall remain in effect until the earliest of the following event: (i) revocation by the granting Owner by written notice or by personally attending and voting at the meeting for which the proxy is effective, (ii) eleven months after the date of the proxy, unless otherwise provided in the proxy, or (iii) the time at which the granting Owner is no longer an Owner.

4.5 Voting by Mail Ballot. The entire vote on any issue, except the removal of directors, may be determined by mailed ballots, subject to the following requirements:

4.5.1 Notice Requirements. The notice of the vote shall: (i) clearly state the proposed action, (ii) indicate the number of responses needed to meet the quorum requirements, (iii) state the percentage of approvals necessary to approve each matter other than election of directors, and (iv) specify the time by which a ballot must be received by the Association in order to be counted.

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

4.5.3 Time for Return of Ballots. The Board of Directors shall set the time for the return of ballots, which shall not be less than 15 nor more than 30 days after the date of mailing of the ballots to the Owners. The Board of Directors shall provide notice of the results of the vote to the Owners within 10 days after the expiration of the voting period.

4.5.4 Approval of Ballots. Approval by written ballot under this Section is valid only if the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

4.6 No Cumulative Voting. Cumulative voting shall not be permitted.

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

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

4.9 Place of Meetings. Meetings of the Association shall be held at such place as the Board of Directors may determine.

4.10 Annual Meetings. The date of the annual meeting of the Association shall be on or before the 15th day of January at 6:00 o'clock p.m., or such other reasonable time and/or date, designated by the Board of Directors. At each annual meeting of the Owners, (i) the Persons who are to constitute the Board of Directors shall be elected pursuant to By-Law 5, (ii) a report shall be made to the Owners on the activities and financial condition of the Association, and (iii) any other matter which is included in the notice of the annual meeting, and is a proper subject for discussion or decision by the Owners, shall be considered and acted upon at the meeting.

4.11 Special Meetings. It shall be the duty of the President to call a special meeting of the Members when directed by resolution of the Board of Directors or upon a petition signed by a majority of the Members having been presented to the Secretary.

The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No other business shall be transacted at a special meeting except as stated in the notice unless by consent of a majority of the Members, either in person or by proxy. Any such meeting shall be called within thirty (30) days after receipt by the President of such resolution or petition.

4.12 Notice of Meeting. It shall be the duty of the Secretary to mail a notice of each annual or special meeting to each Member of record entitled to vote there at, to the registered address of each Member of record, postage prepaid, at least fifteen (15) days before each such meeting. Such notice shall state the purpose of such meeting as well as the time and place it is to be held. The mailing of the notice in the manner provided in this paragraph shall be considered a notice served.

4.13 Annual Report. The Board of Directors shall prepare an annual report on behalf of the Association to be mailed or delivered to each Owner together with the notice of the annual meeting. The report shall contain at a minimum:

4.13.1 Capital Expenditures. A statement of any capital expenditures in excess of two percent of the current budget or \$5,000.00, whichever is greater, approved by the Association for the current year or succeeding two fiscal years.

4.13.2 Fund Balances. 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 of Directors.

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

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

4.13.5 Insurance. A statement of the insurance coverage provided by the Association.

4.13.6 Past Due Assessments. A statement of the total past due assessments on all Lots, current as of not more than 60 days prior to the date of the meeting.

BY-LAW 5 **BOARD OF DIRECTORS**

5.1 Number and Qualification. The affairs of the Association shall be managed by its Board of Directors which shall be not less than 3 nor more than 7 in number. The first Board of Directors shall consist of the persons designated as directors in the Articles of Incorporation of the Association or appointed to replace them by the Declarant, subject to the rights of Owners to elect directors as set forth in By-Law 5.2. Upon the expiration of the terms of the members of the first Board of Directors, the Board of Directors shall be composed of five (5) directors, a majority of whom shall be Owners, or a duly authorized representative of the Owner if the Owner

is a corporation, partnership, limited liability company, trust or other entity which has the capacity to hold title to real estate.

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

5.2.1 Terms During Period of Declarant Control. Subject to Subsection 5.2.2 the terms of all directors appointed by Declarant as authorized by the Declaration shall terminate upon the earliest of :

5.2.1.1 Voluntary Surrender of Control. Voluntary surrender of control by Declarant;

5.2.1.2 Three Years. The date three (3) years following the date of the first conveyance of a Lot to an Owner Other Than Declarant.

Notwithstanding the foregoing the Owners Other Than Declarant shall have the right to nominate and elect not less than 33 1/3% of the directors at a meeting of the Owners which shall be held within 60 days following the conveyance by Declarant of 50% of the total number of Lots authorized to be included in the Properties. The term of office of any director elected to the first Board of Directors by Owners Other Than Declarant shall terminate at the same time as those appointed by Declarant.

5.2.2 Interim Elections. Notwithstanding the provisions of Subsection 5.2.1, the Owners Other Than Declarant shall have the right to nominate and elect not less than 33 1/3% of the directors at a meeting of the Owners held within 60 days following the conveyance by Declarant of 50% of the total number of Lots authorized to be included in the planned community.

5.2.3 Owners Other Than Declarant. Provided, however, that for the purposes of this Section 5.2 conveyance of Lots from Declarant to approved developers or builders who acquire Lots for the purpose of resale and construction of dwellings thereon, shall not be considered a conveyance to Owners Other Than Declarant until such time as the Lot together with the dwelling constructed thereon is sold by such approved developer or builder to another person for occupancy as a residential dwelling.

5.2.4 Terms After Period of Declarant Control. The first terms of office of the directors elected by the Owners immediately following the termination of the terms provided for in Subsection 5.2.1 shall be two years for three of the directors and one year for two of the directors. Determination of the length of term to which individual directors are elected shall be determined by Lot after the results of the election have been determined. Each term of office thereafter shall be two years and shall expire upon the election of a successor at a subsequent annual meeting of the Owners provided, that a

director shall continue in office until a successor is elected. A number of nominees equal to the number of vacancies, and receiving the greatest numbers of votes, shall be elected, notwithstanding that one or more of them does not receive a majority of the votes cast. 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 By-Laws. There shall be no cumulative voting for directors.

5.3 Nominations. Nominations for election to the Board of Directors shall be made by a nominating committee appointed by the Board of Directors, or from the floor at the annual meeting or by "write-in" if authorized by the Board.

5.4 Action Taken Without a Meeting. The Board of Directors shall have the right to take any action in the absence of a meeting which it could take at a meeting when authorized in a writing signed by all the directors.

5.5 Removal. After the Period of Declarant Control of the Association, a director may be removed from the Board of Directors, with or without cause, by a majority vote at any annual or special meeting of the Owners; provided, (i) that the notice of the meeting 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 Owners to fill the vacant position caused by the removal. A director may also be removed by the Board of Directors if such director (i) has more than two unexcused absences from Board meetings and/or Owners meetings during any twelve month period or (ii) is more than 60 days past due with respect to assessments on the director's Lot. Such vacancies shall be filled by the vote of the Owners as previously provided in this Section.

5.6 Compensation. Except as authorized by a vote of the Owners at a meeting thereof after the Period of Declarant Control, the directors of the Association shall receive no compensation for their services in such capacity. A director, or other Owner or Occupant may, upon approval by the Board of Directors, be retained by the Association and reasonably compensated for goods and services furnished to the Association in an individual capacity. Directors may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

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

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

5.8.1 Rules and Regulations. Adopt, amend and revoke Rules and Regulations not inconsistent with the Governing Documents, as follows: (i) regulating the use of the Common Properties; ii) regulating the use of the Lots, and the conduct of Owners and Occupants, which may jeopardize the health, safety, or welfare of other Owners and Occupants, which involves noise or other disturbing activity, or which may damage the Common Properties or other Lots; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the Common Properties and conduct which may damage the Properties, (v) regulating the exterior appearance of the Property, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a Dwelling (vi) implementing the Governing Documents, and exercising the powers granted by this Section; and (vii) otherwise facilitating the operation of the Properties;

5.8.2 Budgets. Adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for Common Expenses from Owners;

5.8.3 Agents and Employees. Hire and discharge managing agents and other employees, agents, and independent contractors;

5.8.4 Litigation. Institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more Owners on matters affecting the Common Properties or other matters affecting the Property or the Association or, (ii) with the consent of the Owners of the affected Lots on matters affecting only those Lots;

5.8.5 Contracts. Make contracts and incur liabilities;

5.8.6 Maintenance of Common Properties. Regulate the use, maintenance, repair, replacement and modification of the Common Properties and the Lots;

5.8.7 Improvements of Common Properties. Cause improvements to be made as a part of the Common Properties;

5.8.8 Property. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, subject to the requirements of the Act for the conveyance or encumbrance of the Common Properties;

5.8.9 Easements. Grant public easements through, over or under the Common Properties, and, subject to approval by resolution of the Owners other than a Declarant or its affiliates at a meeting duly called, grant other public or private easements, leases and licenses through, over or under the Common Properties;

5.8.10 Operation of Common Properties. Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Properties, and for services provided to Owners;

5.8.11 Late Payments. Impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Governing Documents and the Rules and Regulations;

5.8.12 Amendments. Impose reasonable charges for the review, preparation and recordation of amendments to the Declaration or By-Laws, resale certificates, statements of unpaid assessments, or furnishing copies of Association records;

5.8.13 Insurance. Provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

5.8.14 Governing Procedures. Provide for reasonable procedures governing the conduct of meetings and the election of directors;

5.8.15 Committees. Appoint, regulate and dissolve committees;

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

5.9 No Waiver of Rights. The omission or failure of the Association or any Owner to enforce the Covenants, Conditions and Restrictions shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors shall have the right to enforce the same thereafter.

5.10 Managing Agent. The Board of Directors may employ for the Association a managing agent at compensation established the Board to perform such duties as the Board of Directors may establish.

5.11 Annual Meetings. The regular annual meeting of the Board of Directors shall be held without notice at the time and immediately following the adjournment of the annual meetings of the Members for the purpose of the election of the officers for the ensuing year and to transact such other business as may properly come before it.

5.12 Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or the Secretary in like manner and on like notice on written request of at least two (2) directors.

5.13 Board of Directors Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors.

5.14 Vacancies. In the event of death, resignation or removal of any elected director, his successor shall be appointed by the remaining elected directors and shall serve for the unexpired term of his predecessor.

BY-LAW 6 OFFICERS

6.1 Board of Directors. The Board of Directors at its first meeting and after each annual meeting of Members, shall choose a President, a Vice President, a Secretary and Treasurer. The Board of Directors may, in its discretion, choose one or more assistant Secretaries and assistant Treasurers. Any two offices, except those of President and Vice President, may be held by the same person.

6.2 Terms of Office. The officers of the Association shall hold office for one (1) year or until their successors are chosen and qualify in their stead. An officer elected or appointed by the Board of Directors may be removed by the affirmative vote of a majority of the whole Board of Directors with or without cause.

6.3 President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Board of Directors and the Association. The President shall have all of the powers and duties which are customarily vested in the office of president of a corporation, including without limitation the duty to supervise all other officers and to execute all contracts and similar obligations on behalf of the Association. The President shall have such other duties as may from time to time be prescribed by the Board of Directors.

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

6.5 Secretary. The Secretary shall be responsible for recording the minutes of all meetings of the Board of Directors and the Association. The Secretary shall be responsible for keeping the books and records of the Association, and shall give all notices required by the Governing Documents or the Act unless directed otherwise by the Board of Directors. The Board of Directors 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.

6.6 Treasurer. The Treasurer shall have responsibility for all financial assets of the Association, and shall be covered by a bond or insurance in such sum and with such companies as the Board of Directors may require. The Treasurer shall be responsible for keeping the Association's financial books, assessment rolls and accounts. The Treasurer shall cause the books of the Association to be kept in accordance with customary and accepted accounting practices and shall submit them to the Board of Directors for its examination upon request. The Treasurer shall cause all moneys and other monetary assets of the Association to be deposited in the name of or to the credit of the Association in depositories designated by the Board of Directors, shall cause the funds of the Association to be disbursed as ordered by the Board of Directors and shall perform all other duties incident to the office of Treasurer. The Board of Directors 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.

6.7 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, officers of the Association shall receive no compensation for their services in such capacity. An officer, or other Owner or Occupant may, upon approval by the Board of Directors, be retained by the Association and reasonably compensated for goods and services furnished to the Association in an individual capacity. Officers may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

BY-LAW 7
INDEMNIFICATION OF OFFICERS
DIRECTORS AND MANAGING AGENT

7.1 Indemnification. The Association shall indemnify every director, officer, managing agent, their respective successors, personal representatives and heirs, against all loss, costs and expenses, including counsel fees, reasonably incurred by them in connection with any action, suit or proceeding to which they may be made a party by reason of being or having been a director, officer or managing agent of the Association, except as to matters as to which they shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duties as such director, officer or managing agent in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director, officer or managing agent may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as Common Expenses and become part of the annual assessment to which each Owner is subject.

7.2 Other. Contracts or other commitments made by the Board of Directors, officers or the managing agent shall be made as agent for the Association, and they shall have no personal responsibility on any such contract or commitment, except as Owners.

BY-LAW 8
OPERATION OF THE PROPERTIES
OBLIGATION OF THE OWNERS

8.1 Assessment Procedures. The Board of Directors shall, at least thirty (30) days prior to the first day of the Association's fiscal year, prepare a budget of Common Expenses for the Association and assess and levy such Common Expenses against the Lots according to their respective Common Expense liability as set forth in the Declaration. The annual budget shall include a general operating reserve, and an adequate reserve fund for maintenance, repair and replacement of those Common Properties and parts of the Lots that must be maintained, repaired or replaced by the Association on a periodic basis.

8.1.1 Annual Assessments. The Board of Directors shall fix the amount of the annual assessment against each Lot and advise the Owners in writing of the assessment at least thirty (30) days prior to the date when the first installment thereof is due. Increases in assessments shall be subject to the limitations set forth in Section 6.6.3 of the Declaration. The failure of the Board of Directors to timely levy an annual assessment shall not relieve the Owners of their obligation to continue paying assessment installments in the amount currently levied, as well as any increases subsequently levied.

8.1.2 Additional Assessments. If an annual assessment proves to be insufficient, the budget and assessments therefor may be amended, or a special assessment levied, by the Board of Directors at any time subject to the limitations set forth in Section 6 of the Declaration. The levy shall be deemed to occur upon the date specified in the resolution which fixes the assessment.

8.1.3 Budget. The Association shall furnish copies of each budget on which the Common Expenses and the assessment are based to an Owner or to any Eligible Mortgagee, upon request of such persons.

8.2 Payment of Assessments. Annual assessments shall be due and payable in monthly installments in advance on the first day of each month of the year or other period for which the assessments are made, and special assessments shall be due when designated by the Board of Directors. All Owners shall be absolutely and unconditionally obligated to pay the assessments levied pursuant to the Governing Documents. No Owner or Occupant shall have any right of withholding, offset or deduction against the Association with respect to any assessments, or related late charges or costs of collection. Any rights or claims alleged by an Owner may be pursued only by separate action.

8.3 Default in Payment of Assessments. If any Owner does not make payment on or before the date when any assessment or installment thereof is due, subject to such grace periods as may be established, the Board of Directors may assess, and such Owner shall be obligated to pay, a late charge as provided in the Declaration of each such unpaid assessment or installment thereof, together with all expenses, including reasonable attorneys' fees, incurred by the Board in collecting any such unpaid assessment.

8.3.1 Acceleration on Default. If there is a default of more than thirty (30) days in payment of any assessment, the Board of Directors may accelerate any remaining installments of the assessment upon prior written notice thereof to the Owner, and the entire unpaid balance of the assessment and late charges shall become due and payable upon the date stated in the notice unless all past due amounts, including late charges, costs of collection and fines, are paid prior to said date.

8.3.2 Duty to Collect Assessments. The Board of Directors shall have the right and duty to make reasonable attempts to recover all assessments for Common Expenses, together with any charges, attorneys fees or expenses relating to the collection thereof.

8.3.3 Notice of Default to Eligible Mortgagee on Request. Upon written request of an Owner or an Eligible Mortgagee of such Lot, notice of a default of more than thirty (30) days in payment of any assessment or installment of an assessment for Common Expenses or any other default in the performance of obligations by the Owner shall be given in writing to such Eligible Mortgagee.

8.3.4 Remedies Cumulative. The rights and remedies referred to herein shall in no way limit the remedies available to the Association under the Declaration or these By-Laws.

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

8.5 Records. The Board of Directors shall cause to be kept at the registered office of the Association, and at such other place as the Board of Directors may determine, records of the actions of the Board of Directors, minutes of the meetings of the Board of Directors, minutes of the meetings of the Owners of the Association, names of the Owners and Eligible Mortgagees, and detailed and accurate records of the receipts and expenditures of the Association. All Association records, including receipts and expenditures and any vouchers authorizing payments, shall be available for examination by the Owners and the Eligible Mortgagees upon reasonable notice and during normal business hours. Separate accounts shall be maintained for each Lot setting forth the amount of the assessments against the Lot, the date when due, the amount paid thereon and the balance remaining unpaid.

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

8.7 Use of Common Properties. Each Owner may use the Common Properties of the Association in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of other Owners.

8.8 Rules and Regulations.

8.8.1 Strict Compliance. Each Member shall comply strictly with the provisions of all legal and other documents which affect his Lot, and the Common Properties, including these By-Laws, the Governing Documents of CHURCH HILL EAST and the ordinances of the City of Sauk Rapids.

8.8.2 Rules and Regulations. The Members reserve the power to adopt general rules concerning the use of the Properties, including but not limited to rules to regulate animals, antennas, storage and use of recreational vehicles, storage and use of machinery, plantings, maintenance and removal of vegetation.

BY-LAW 9
EVIDENCE OF OWNERSHIP, REGISTRATION
MAILING ADDRESS AND REQUIRED PROXIES

9.1 Proof of Ownership. Any person on becoming an Owner of a Lot shall, upon closing, furnish the Board of Directors a photocopy or a certified copy of the recorded instrument vesting that person with an ownership interest, which instrument shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or at a special meeting of Members unless this request is first met.

9.2 Registration of Mailing Address. Any person or persons becoming the Owner of a Lot shall file with the Board of Directors a written statement stating the mailing address to be used by the Association for mailing all notices, statements and correspondence.

9.3 Required Proxies. If title to a Lot is held by more than one person or by a firm, corporation, partnership or association or other legal entity or any combination thereof, such persons or entity shall execute a proxy appointing and authorizing one person or alternate persons to attend all annual and special meetings of the Members and thereat to cast whatever vote the Owner himself might cast if he were personally present. Such proxy shall be effective and

remain in force unless voluntarily revoked, amended or sooner terminated by operation of law. The requirements contained in this By-Law shall first be met before any Owner shall be deemed in good standing and entitled to vote at any annual or special meeting of Members.

BY-LAW 10
ABATEMENT AND ENJOINMENT
FOR VIOLATIONS BY OWNERS

10.1 Abatement and Enjoinment. The violation of any rule or regulation adopted by the Board of Directors, or breach of any By-law, or breach of the Declaration of Covenants, Conditions and Restrictions shall give the Board of Directors, in addition to any other right set forth therein, the right:

10.1.1 Entry Into Lots and Dwellings. Subject to compliance with the laws of the State of Minnesota, to enter the Lot or Dwelling in which, or as to which, such violation or breach exists and summarily abate and remove at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors or the managing agent shall not be deemed guilty in any manner of trespass or any other legal violation;

10.1.2 Injunction. To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

10.1.3 Costs. The cost of any action described herein shall be assessed against the Lot on which the violation or breach existed.

BY-LAW 11
ASSOCIATION IS NOT ORGANIZED FOR PROFIT

11.1 Restrictions on Distributions. No Member and no member of the Board of Directors shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation of the Association, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of, any member of the Board of Directors; provided, however, always:

11.1.1 Compensation of Member as Agent. That reasonable compensation may be paid to any Member while acting as agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and

11.1.2 Reimbursements. That any Member or director may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

BY-LAW 12
TRANSFER OF COMMON PROPERTIES

12.1 Dedication or Transfer to Public Authorities. The Association may dedicate or transfer all or any part of the Common Properties , to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer, determination as to the purposes or as to the conditions thereof shall be effective without the assent of two-thirds (2/3) of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

BY-LAW 13
AUTHORIZED SIGNATURES

13.1 Officers to be Authorized by Resolution. All checks or demands for money and notes of the Association and all other instruments, documents or deeds of every kind, nature and description required to be signed in the name and in behalf of the Association shall be executed by such of the officers of the Association as the Board of Directors may from time to time, by resolution, designate and determine.

BY-LAW 14
FISCAL YEAR

14.1 Fiscal Year Determined by Board. The fiscal year of this Association shall be determined by resolution of the Board of Directors.

BY-LAW 15
ARCHITECTURAL CONTROL COMMITTEE

15.1 Establishment of Committee. The Board of Directors shall establish an Architectural Control Committee comprised of three (3) of its members which shall be responsible for the matters set forth in Article 8 of the Declaration.

15.2 Restrictions on Construction. The criteria to be considered in regards to a request for approval of proposed construction of improvements and/or alterations shall include and require at a minimum:

15.2.1 Design Conformity. Substantial uniformity of color, size, location, type and design in relation to existing improvements and topography,;

15.2.2 Quality Materials. Comparable or better quality of materials as used in existing improvements;

15.2.3 Ease of Maintenance. Ease of maintenance and repair,

15.2.4 Liability Protection. Adequate protection of the Properties, the Association, Owners and Occupants from liability and liens arising out of the proposed alterations; and

15.2.5 Code Compliance. Compliance with governmental laws, codes and regulations.

15.3 Encroachments. Approval of alterations which encroach upon another Lot or the Common Properties will not be permitted.

15.4 Review Procedures.

15.4.1 Plans. Detailed plans, specifications and related information regarding any proposed initial construction or alteration, in form and content acceptable to the Board of Directors, shall be submitted to the Board of Directors at least forty-five (45) days prior to the projected commencement of construction. No alterations shall be commenced prior to approval.

15.4.2 Notice. The Board of Directors shall give the Owner written notice of approval or disapproval. If the Board of Directors fails to approve or disapprove within fifteen (15) days after receipt of said plans and specifications and all other information requested by the Board of Directors, then approval will not be required, and this Section shall be deemed to have been fully complied with so long as the alterations are done in accordance with the plans, specifications and related information which were submitted.

15.4.3 Presumption of Denial. If no request for approval is submitted, approval is denied, unless (i) the alterations are reasonably visible and (ii) no written notice of the violation has been given to the Owner in whose Lot the alterations are made, by the Association or another Owner, within six months following the date of completion of the alterations. Notice may be direct written notice or the commencement of legal action by the Association or an Owner. The Owner of the Lot in which the alterations are made

shall have the burden of proof, by clear and convincing evidence, that the alterations were completed and reasonably visible for at least six months following completion and that the notice was not given.

BY-LAW 16
AMENDMENTS TO BY-LAWS

16.1 Amendments. These By-Laws may be amended, and the amendment shall be effective, upon the satisfaction of the following conditions:

16.1.1 Approval. The amendment must be approved by Owners who have authority to cast in excess of fifty (50%) of the total votes in the Association, in writing or at a duly held meeting of the Owners, subject to any approval rights of Eligible Mortgagees and the Declarant as provided in the Declaration; and

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

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

BY-LAW 17
MISCELLANEOUS

17.1 Notices. Unless specifically provided otherwise in the Act, the Declaration or these By-Laws, all notices required to be given by or to the Association, the Board of Directors, the Association officers or the Owners or Occupants shall be in writing and shall be effective upon hand delivery, or mailing if properly addressed with postage prepaid and deposited in the United States mail; except that registrations pursuant to Section 3.3 shall be effective upon receipt by the Association.

17.2 Severability. The invalidity or unenforceability of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

17.3 Conflicts in Documents. In the event of any conflict among the provisions of the Declaration, the By-Laws or the Rules and Regulations, the Declaration shall control, and as between the By-Laws and the Rules and Regulations, the By-Laws shall control.

17.4 Waiver. No restriction, condition, obligation or provision contained in these By-Laws 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.

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

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

Attested to as the original By-laws of
CHURCH HILL EAST HOMEOWNERS ASSOCIATION:



