

**BYLAWS
OF
THE GARDENWOOD MASTER ASSOCIATION, INC.**

The following are the Bylaws of The Gardenwood Master Association, a Minnesota non-profit corporation (the “**Master Association**”). The Master Association is organized under Minnesota Statutes, Chapter 317A, the Minnesota Non-profit Corporation Act (the “**Act**”), for the purposes of serving as a master association under Section 515B.2-121 of the Minnesota Common Interest Ownership Act (“**MCIOA**”) in connection with the property from time to time subject to the instrument entitled *Master Declaration for Gardenwood*, dated _____, 2005, and recorded _____, 2006, as Document Number _____ (the “**Master Declaration**”).

DEFINITIONS

Bylaw 1. **Definitions.** Any words or terms used in these Bylaws that are defined in MCIOA shall have the meaning there ascribed to them. Any words or terms used in these Bylaws that are defined in the Master Declaration shall have the meaning there ascribed to them.

MEMBERS AND VOTING

Bylaw 2. **Membership.** The Membership shall consist of The Single Family Homes at Gardenwood Owners Association, The Villas at Gardenwood Owners Association, and The Townhomes at Gardenwood Association (each, a “**Community Association**,” and collectively, the “**Community Associations**”). For purposes of these Master Bylaws, the articles of incorporation and bylaws of each Community Association, together with the declaration that created the subject community, shall be considered the “**Community Governing Documents**” for the Community in question.

Membership in the Master Association shall be appurtenant to the Community Association to which it is attached, shall automatically be transferred to any successor Community Association, and may not be severed from the applicable Community Association. Membership is mandatory, and shall be administered by the board of directors of each Community Association in accordance with the Community Governing Documents for the Community Association and the Master Governing Documents.

Bylaw 3. **Voting.** Each Community Association shall be allocated one vote in the Master Association for each Dwelling in the community that is subject to that Community Association (each, a “**Community**,” and collectively, the “**Communities**”). Cumulative voting shall not be permitted. A majority of the voting power cast shall govern all determinations of matters on which Members of the Master Association are to vote except where a greater vote is required by MCIOA, the Master Declaration, or these Bylaws.

Bylaw 4. **Quorum.** Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members holding at least fifty percent (50%) of the voting power in the Master Association shall constitute a quorum.

Bylaw 5. **Proxies.** Each Community Association shall file with the Master Board the name of the person authorized to cast the vote for that Community Association as a Member of the Master Association. Votes may be cast by that person or by any other person authorized in writing by the Community Association in question. If a person other than the person registered with the Master Association will cast the vote for the Community Association in question, that Community Association shall file a proxy with the Secretary of the Master Association before the appointed time of each meeting of the Members. A person designated by a proxy to cast the vote of a Community Association need not be a member of the Community Association. Proxies shall expire at the later of: (i) the date set forth in the proxy; or (ii) the end of the meeting for which the proxy was given. If a proxy is given to cast a vote in connection with a specified matter, the proxy will terminate upon casting the vote in connection with that matter; provided, however, that if it is necessary to re-vote on the matter in question, the proxy shall be deemed to continue so as to permit the casting of a final vote.

MEETINGS

Bylaw 6. **Place of Meetings.** Meetings of the Master Association shall be held at any location within Anoka County, Minnesota, designated by the Master Board.

Bylaw 7. **Annual Meetings.** Annual meetings shall be held at least once each calendar year not later than fifteen (15) months after the previous annual meeting. Initially, at the annual meetings, Directors of the Master Board shall be designated by the Declarant under the Master Declaration (the “**Master Declarant**”), and the Master Declarant’s right to appoint the members of the Master Board shall continue until the end of the Period of Master Declarant Control provided for in the Master Declaration. After the period of Master Declarant Control expires, the Master Board shall be elected by vote of the Community Associations in the manner described in **Bylaw 15**. The Members also may transact such other business of the Master Association as properly may come before them. If a regular meeting of the Members has not been held during the preceding fifteen (15) months, ten percent (10%) or more of the Members in good standing may demand a meeting in accordance with Minnesota statutes, section 317A.431, subdivision 2. In good standing shall mean that the voting rights have not been suspended.

Bylaw 8. **Special Meetings.** Any director of the Master Board may call a special meeting of the Master Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless all of the Members with voting rights have waived notice of the meeting under Minnesota statutes, Section 317A.435.

Bylaw 9. **Notice of Meetings.** It shall be the duty of the Secretary of the Master Association to send to each Community Association and each Director of the Master Board notice of the date, time, place, and complete agenda of the meeting and the procedures for appointing proxies, at the address registered with the Secretary of the Master Association; provided, however, that delivery

may be given by facsimile, e-mail, or by any other electronic media permitted by Minnesota law. In the case of a special meeting, notice shall be given stating the meeting date that will be at least seven (7) days, but not more than thirty (30) days, after the notice is given. In the case of an annual meeting, notice shall be given to the Community Association and the directors of the Master Association stating the meeting date that will be held at least twenty one (21) days, but not more than thirty (30) days, after the notice is given.

Bylaw 10. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum is not present, the meeting may be adjourned to a time not less than forty-eight (48) hours nor more than sixty (60) days from the time the original meeting was called, and no further notice shall be required, other than to provide the directors on the Master Board with reasonable notice of the time and place the adjourned meeting will be reconvened.

Bylaw 11. Order of Business. The order of business at all annual meetings of the Members shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Discussion of Annual Report and audit (unless the audit has been waived by the Members pursuant to 515B.3-121 of the Act.)
- (e) Reports of officers.
- (f) Reports of committees.
- (g) Election of Master Board.
- (h) Unfinished business.
- (i) New business.
- (j) Open forum.
- (k) Announcement of date, time and place of organization meeting of the new Master Board.
- (l) Announcement of the date for next annual meeting (and its time and place, if known).
- (m) Adjournment.

Bylaw 12. **Fair Voting Procedures.** The following shall be considered minimum standards to assure fair voting procedures:

- (a) In connection with any matter to be voted on by the Members of the Master Association, provision is hereby made for mailed ballots, in accordance with reasonable rules and regulations established by the Master Board.
- (b) Matters to be decided by mailed ballots (including, but not limited to, voting to amend the Master Declaration) may have a period for returning the mailed ballot longer than the period that would be permissible in connection with a special meeting or an Annual Meeting under *Bylaw 9*.
- (c) Proxies given by facsimile, e-mail, or any other electronic media recognized by applicable Minnesota law shall be effective for any purpose a written ballot or proxy would be considered effective.
- (d) All proxies should be available for inspection prior to the meeting so that a reasonable opportunity is afforded to confirm the proxies.
- (e) All mailed ballots and all proxies cast at a meeting should be first opened, and all ballots and proxies given by electronic media, shall be identified to the Members, at the time the votes on an election or issue are counted and tallied.
- (f) The vote count on each issue shall be announced before adjournment of the meeting, and shall be available to all Community Associations and all directors of the Master Association in written form, signed by the secretary of the Master Association, within seven (7) days of the meeting. The results of votes taken solely by mailed ballot shall be made available to the Community Associations and directors of the Master Association within seven (7) days of the deadline for returning all mailed ballots as contained in the notice to the Community Associations that accompanied the form of mailed ballot.
- (g) A Community Association that is delinquent in the payment of the assessments allocated by the Master Declaration to that Community Association may reinstate its voting rights by payment of the delinquency by delivering a check to the secretary, treasurer or president of the Master Association before the meeting is called to order, unless a different requirement is adopted by the Master Board and the delinquent Community Association is given written notice thereof at least fifteen (15) days before the meeting.

MASTER BOARD

Bylaw 13. **First Master Board.** The first Master Board shall consist of the three (3) persons designated in the Articles of Incorporation, and who shall serve until the first annual meeting after the period of Master Declarant control ends or until their successors are elected and qualified. Should any vacancy occur in the first Master Board during the period of Master Declarant Control described in the Master Declaration, it shall be filled by the Master Declarant. The first Master Board shall have generally the powers and duties as set forth in *Bylaw 16*.

Bylaw 14. **Number of Directors.** Following the expiration of the period of Master Declarant Control, there shall be three Directors, with one Director appointed by each Community Association.

Bylaw 15. **Election and Term.** The board of directors of each Community Association shall appoint one director of the Master Board. The director of the Master Board appointed by each Community Association shall serve for a two year term. Each Director shall hold office until his or her respective successor has been elected.

Bylaw 16. **Powers and Duties.** The Master Board shall have all powers and duties necessary or appropriate for the administration of the affairs of the Master Association that are permitted under MCIOA and may do all acts and things to carry out the powers and duties of the Master Association under the Master Declaration.

Nothing contained in this *Bylaw 16* shall be interpreted in a manner that would cause the Members to delegate to the Master Board any power or duty that may not be delegated to the Master Board under the Act, the Master Declaration or these Bylaws. All powers and duties of the Master Board shall be carried out only in a manner that is consistent with the requirements of the Act, the Master Declaration, the Articles or these Bylaws.

Bylaw 17. **Vacancies.** During the Period of Master Declarant Control, vacancies in the Master Board shall be filled by the Master Declarant. Following the Period of Master Declarant Control, vacancies in the Master Board of a Director elected or appointed by a specific Community Association shall be filled by that Community Association. Each replacement Director shall serve as a Director until a successor is elected and qualified at the next annual meeting of the Master Association.

Bylaw 18. **Removal of Directors.** Any Director of the Master Board appointed by a Community Association may be removed at the direction of the Community Association that appointed that Director.

Bylaw 19. **Organization Meeting.** The first meeting of the Master Board each year following the annual meeting of Members shall be held within ten (10) days of the annual Owners' meeting, and if the date, time and place are announced at the annual Owners' meeting, no further notice shall be necessary.

Bylaw 20. **Regular Meetings.** Regular meetings of the Master Board may be held at such time and place within the State of Minnesota, as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each calendar year. Notice of regular meetings of the Master Board shall be given to each Director, at least twenty-five (25) days prior to the day named for such meeting.

Bylaw 21. **Special Meetings.** Special meetings of the Master Board may be called by the President on not less than seven (7) days notice to each Director, which notice shall state the time, place within the State of Minnesota, and purpose of the meeting. Special meetings of the Master Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

Bylaw 22. **Open Meetings.** Except as otherwise provided in MCIOA, meetings of the Master Board must be open to members of the Community Associations. To the extent practicable, the Board shall give reasonable notice to the Community Association members of the date, time, and place of a board meeting. If the date, time, and place of meetings are announced at a previous meeting of the Board, posted in a location accessible to the members of the Community Associations 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. Any notice permitted hereunder may be given by facsimile transmission, e-mail, or any electronic media permitted under applicable Minnesota law.

Bylaw 23. **Telephone Conference.** A meeting of the Directors or any committee of the Master Board may be conducted by a telephone conference or any means of communication through which the participants may simultaneously hear each other during the meeting, if notice of the meeting has been given as would be required for a meeting and if the number of persons participating in the conference is sufficient to constitute a quorum. Participating in a conference constitutes personal presence at the meeting. A Director may participate in a meeting of the Master Board by means of communication through which the Director, other Directors participating, and all other Directors physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by this means constitutes personal presence at the meeting.

Bylaw 24. **Waiver of Notice.** Before or at any meeting of the Master Board, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving and receipt of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by such Director of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Bylaw 25. **Master Board Quorum and Voting.** At all meetings of the Master Board a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Master Board. If, at any meeting of the Master Board, there is less than a quorum present, the meeting may be adjourned from time to time until a quorum is present. At any such

adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Bylaw 26. **No Proxies.** Directors shall not vote by proxy.

Bylaw 27. **Action Without a Meeting.** Any action that could be taken at a meeting of the Master Board may be taken without a meeting when authorized in a writing signed by all of the Directors.

Bylaw 28. **Compensation.** The Directors will receive no compensation for their services as Directors. However, when authorized by the Master Board, Directors and officers may be reimbursed for actual expenses incurred in connection with the business of the Master Association, and officers may be compensated for bookkeeping or recordkeeping functions.

OFFICERS

Bylaw 29. **Designation, Qualification and Removal.** The principal officers of the Master Association shall be a President, a Vice President, a Secretary, and a Treasurer. The offices of Treasurer and Secretary may be filled by a person holding another officer position within the Association. The Board may from time to time appoint an assistant secretary and such other officers, with such duties, as in their judgment may be desirable, and such officers need not be Directors. Each Officer elected by the Master Board shall meet the following qualifications: (i) The President, Vice President Secretary and Treasurer must be members of the Master Board; and (ii) the appointment of any officer who is not a member of the Master Board must be ratified by a majority of the members (and such ratification may be determined in any reasonable manner designated by the Master Board). Any officer may be removed by: (i) the vote of a majority of the members of the Master Board; or (ii) the vote of a majority of two of the three Community Associations.

Bylaw 30. **Election of Officers.** The principal officers of the Master Association shall be elected annually by the Master Board at the organization meeting of each new Board. All officers shall hold office at the pleasure of the Board.

Bylaw 31. **President.** The President shall be the chief executive officer of the Master Association and shall preside at all meetings of the Master Association and of the Master Board. The President shall see that all orders and resolutions of the Board are carried out; and shall sign all easements, leases, service contracts, mortgages, and other written instruments (except to the extent that the Master Board authorizes or mandates the delegation of such authority).

Bylaw 32. **Vice-President.** The Vice-President shall act in the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Master Board shall appoint some other Director to act on an interim basis. The Vice-President also shall perform such other duties as shall from time to time be required by the Master Board.

Bylaw 33. **Secretary.** The Secretary shall keep the minutes of all meetings of the Master Board and the minutes of all meetings of the Master Association. The Secretary shall give notice of all meetings of the Board and of the Members, shall keep appropriate current records showing the Members of the Master Association, together with their addresses, and shall perform such other duties as may be required by the Board.

Bylaw 34. **Treasurer.** The Treasurer shall have responsibility for Master Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Master Association. The Treasurer shall sign all checks and shall be responsible for the deposit of all moneys and valuable effects in the name and to the credit of the Master Association in such depositories as may from time to time be designated by the Master Board, except to the extent that the Master Board authorizes or mandates the delegation of such authority to a manager or agent.

Bylaw 35. **Committees.** The Board shall appoint members of a Design Review Committee. In addition, the Master Board may establish other committees and appoint their members as deemed appropriate in carrying out its purposes.

ANNUAL REPORT

Bylaw 36. **Annual Report.** The Master Association shall prepare and provide to each Member at or prior to each annual meeting a report of the affairs of the Master Association including at least the following information:

- a. A statement of any capital expenditures in excess of two percent (2%) of the current Master Association Budget or \$5,000.00 (whichever is greater) approved by the Master Association for the current year or succeeding two fiscal years;
- b. A statement of the balance of any reserve, replacement, contingency or other special fund, and any portion of any such funds designated for any specified project by the Master Board;
- c. A copy of the statement of revenues and expenses for the Master Association's last fiscal year and a balance sheet as of the end of said fiscal year as determined by the audit provided for in 515B.3-121 of the Act, unless waived by the Members as permitted in 515B.3-121;
- d. A statement of the status of any pending litigation or judgments to which the Master Association is a party;
- e. A detailed description of the insurance coverage provided by the Master Association and, if applicable, a statement as to which, if any, of the items referred to in Section 515.3-113(b) of the Act are covered, and the fiduciary bonds maintained by the Master Association and any professional manager of the Master Association; and

- f. A statement of the total past due assessments of all Members, current as of not more than sixty (60) days prior to the date of the meeting.

MISCELLANEOUS

Bylaw 37. **Fiscal Year.** The Master Association shall have a fiscal year. The fiscal year of the Master Association shall be determined at the First Annual Meeting. The fiscal year of the Master Association may thereafter be changed by majority vote of the Master Board occurring not less than thirty (30) days following notice to the Community Associations of the Board's intention to change the Master Association's fiscal year.

Bylaw 38. **Indemnification of Officers and Directors.** To the full extent permitted by Minnesota Statutes, Section 317A. 521 as amended from time to time, or by other provisions of law, each person who was or is a party or is threatened to be made a party to any proceeding by reason of a former or present official capacity in the Master Association shall be indemnified.

Bylaw 39. **Termination of Contracts.** If entered into prior to expiration of the Period of Master Declarant control: (i) any management contract, employment contract, or lease of facilities, (ii) any contract, lease or license binding the Master Association to which Master Declarant or an affiliate of Master Declarant is a party, or (iii) any contract, lease or license binding the Master Association or any Member other than the Master Declarant or an affiliate of the Master Declarant which is not bona fide or which was unconscionable to the Members at the time entered into under the circumstances then prevailing, may be terminated without penalty by the Master Association at any time after the expiration of the Period of Master Declarant Control upon not less than ninety (90) days' notice to the other party.

Bylaw 40. **Notice.** "Notice" has the meaning given in Section 317A.011, subdivision 14 of the Minnesota Non-profit Corporation Act.

Bylaw 41. **Amendments to Bylaws.** The power to amend or repeal the Bylaws is vested in the Master Board; provided, however, that such amendments may not impair or dilute any rights of any Community Association unless ratified by that Community Association. The power of the Master Board is subject, however, to the power of Community Associations to amend or repeal Bylaws adopted, amended, or repealed by the Board. The Board may not amend or repeal a Bylaw fixing a quorum for meetings of Members or prescribing procedures for removing Directors or filling vacancies in the Board or fixing the number of Directors or their classifications, qualifications, or terms of office. An amendment to the Bylaws to increase or decrease the vote required for Master Association action must be approved by all three Community Associations in their capacity as members of the Master Association. The amendment of Bylaws for non-profit corporations is governed by Minnesota Statutes, Section 317A.181.

Bylaw 42. **Conflicts.** In case any of these Master Bylaws conflicts with the provisions of the Act, the provisions of the Act will apply. In case any of these Master Bylaws conflicts with the provisions of MCIOA, the provisions of MCIOA will apply. In case any of these Bylaws

conflicts with the provisions of the Master Declaration or Articles of Incorporation, the provisions of the Master Declaration or Articles of Incorporation will apply.

Bylaw 43. **Inspection of Books and Records.** Current copies of the Master Declaration, Master Bylaws, Master Rules adopted by the Master Association, and the books, records, and financial statements of the Master Association shall at all times, during reasonable and normal business hours, be available for inspection by any member of a Community Association, prospective purchaser of a home or unit in a Community Association, any lender or the holder, insurer and/or guarantor of a mortgage on any home or unit in a Community Association, at the principal office of the Master Association or its professional manager, if any, and copies of the same may be purchased at reasonable cost.

Bylaw 44. **Audited Statements.** The Master Association shall make an audited statement for the preceding fiscal year available to each Community Association, and any holder, insurer or guarantor of any first mortgage encumbering a home or unit in one of the Communities upon submission of a written request for it. The audited financial statement shall be available within one hundred twenty (120) days of the Master Association's fiscal year end. Any financial statement shall be furnished free of charge within a reasonable time upon request from any such Owner, lender, holder, issuer or guarantor or any prospective Owner, lender, holder, insurer or guarantor.

Bylaw 45. **Notice to Master Association.** Each Community Association shall provide the Master Association with a list of the homes or units in the Community that are subject to a mortgage, and the name and address of the mortgagee in question. The Master Association shall maintain a listing of the Owners and their mortgagees in a book entitled "Mortgagees of Units."

CERTIFICATE

The foregoing were adopted as the Bylaws of The Gardenwood Master Association, Inc., a Minnesota non-profit corporation, at the first meeting of the Master Board on _____, 2006.

THE GARDENWOOD MASTER
ASSOCIATION

By: _____
Secretary

