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REGISTERED VOL. 2719 PAGE 81161

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OFFICE OF THE REGISTRAR  
OF TITLES 170  
HENNEPIN COUNTY, MINNESOTA  
CERTIFIED FILED ON

OCT 24 1994

*A. Dan Cook*  
BY *E. J. H. H. H.* REGISTRAR OF TITLES  
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## ROAD OUTLOT DECLARATION

This Declaration is made in the County of Hennepin, State of Minnesota, on this 21st day of October, 1914, by Orono Limited Partnership a Minnesota Limited Partnership (the "Declarant"), for the purpose of creating a program for the administration of certain private roads within the Plats of Old Crystal Bay Road Addition and Old Crystal Bay Road Second Addition, Hennepin County, Minnesota.

WHEREAS, Declarant is the contract for deed vendee of certain real property located in Hennepin County, Minnesota, legally described in Exhibit A (the "Property") attached hereto and Declarant desires to submit said real property to the provisions contained herein.

THEREFORE, Declarant makes the Declaration and submits the Property to the provisions contained herein declaring that this Declaration shall constitute covenants to run with the Property, and that the Property shall be owned, used occupied and conveyed subject to the covenants, restrictions, easements, charges and liens set forth herein, all of which shall be binding upon all Persons owning or acquiring any right, title, or interest therein, and their heirs, personal representatives, successors and assigns.

### SECTION 1

#### DEFINITIONS

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

1.1 "Association" shall mean the Old Crystal Bay Road Association, Inc., which has been created pursuant to Chapter 317A of the laws of the State of Minnesota, whose members consist of all Owners as defined herein.

1.2 "Board" shall mean the Board of Directors of the Association as provided for in the By-Laws.

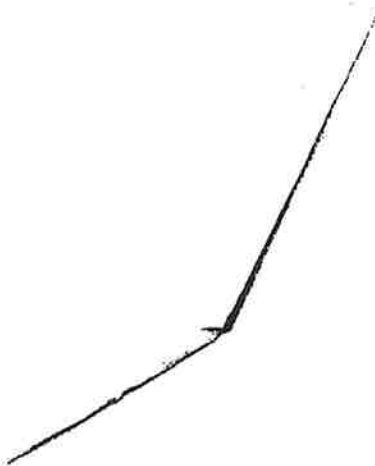
1.3 "By-Laws" shall mean the By-Laws governing the operation of the Association, as amended from time to time.

1.4 "Common Areas" are those parcels legally described as Outlot E, Old Crystal Bay Road Addition and Outlot C, Old Crystal Bay Road Second Addition, according to the recorded plats thereof, Hennepin County, Minnesota.

1.5 "Common Expenses" shall mean and include all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including without limitation liability insurance and allocations to reserves and those items specifically identified as Common Expenses in the Declaration or By-Laws.

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1.6 "Eligible Mortgagee" shall mean any Person owning a mortgage on any Lot, which mortgage is first in priority upon foreclosure to all other mortgages that encumber such Lot, and which has requested the Association, in writing, to notify it regarding any proposed action which requires approval by a specified percentage of eligible Mortgagees.

1.7 "Governing Documents" shall mean this Declaration, and the Articles of Incorporation and By-Laws of the Association, as amended from time to time, all of which shall govern the use and operation of the Property.

1.8 "Lot" shall mean any platted lot subject to the Declaration but shall not include any Outlot; provided, however, that for purposes of this Declaration, Outlot A, Old Crystal Bay Road Second Addition shall be considered a part of Lot 7, Block 4, Old Crystal Bay Road Addition, and Outlot D, Old Crystal Bay Road Addition shall be considered a part of Lot 6, Block 4, Old Crystal Bay Road Addition.

1.9 "Member" shall mean all persons who are members of the Association by virtue of being Owners as defined in this Declaration. The words "Owner" and "Member" may be used interchangeably in the Governing Documents.

1.10 "Occupant" shall mean any person or persons, other than an Owner, in possession of or residing on a Lot.

1.11 "Owner" shall mean a Person who owns a Lot, 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.

1.12 "Person" shall mean a natural individual, corporation, limited liability company, partnership, trustee, other or legal entity capable of holding title to real property.

1.13 "Plat" shall mean the recorded plats of Old Crystal Bay Road Addition and Old Crystal Bay Road Second Addition.

1.14 "Property" shall mean all of the real property submitted to this Declaration. The Property as of the date of this Declaration is legally described in Exhibit A attached hereto.

1.15 "Rules and Regulations" shall mean the Rules and Regulations of the Association as approved from time to time pursuant to Section 4.5.

## SECTION 2

### COMMON AREAS

2.1 Common Areas. The Common Areas and their characteristics are as follows:

a. The Common Areas as defined herein are owned by the Association for the benefit of the Owners and Occupants.

b. The Common Areas shall be subject to appurtenant easements for services, public and private utilities, access, use and enjoyment in favor of each Lot and its Owners and Occupants; subject to the right of the Association to establish reasonable Rules and Regulations governing the use of the Common Areas.

c. Subject to Sections 4, 5 and 8, all maintenance, repair, replacement, management and operation of the Common Areas shall be the responsibility of the Association.

d. Common Expenses for the maintenance, repair, replacement, management and operation of the Common Areas shall be assessed and collected from the Owners in accordance with Sections 3.2 and 5.

### SECTION 3

#### ASSOCIATION MEMBERSHIP: RIGHTS AND OBLIGATIONS

Membership in the Association, and the allocation to each Lot of a portion of the votes in the Association and a portion of the Common Expenses of the Association shall be governed by the following provisions.

3.1 Membership. Each Owner shall be a member of the Association by virtue of Lot ownership, and the membership shall be transferred with the conveyance of the Owner's interest in the Lot. An Owner's membership shall terminate when the Owner's ownership terminates. When more than one Person is an Owner of a Lot, all such Persons shall be members of the Association, but multiple ownership of a Lot shall not increase the voting rights allocated to such Lot nor authorize the division of the voting rights.

3.2 Voting and Common Expenses. Each Lot shall be allocated one vote. Each lot shall be responsible for 1/18th of the Common Expenses.

3.3 Appurtenant Rights and Obligations. The ownership of a Lot shall include the voting rights and Common Expense obligations described in Section 3.2. Said rights, obligations and interests, and the title to the Lots, shall not be separated or conveyed separately. The allocation of the right, obligations and interests described in this Section may not be changed, except in accordance with the Governing Documents.

3.4 Authority to Vote. The Owner, or some natural person designated to act as proxy on behalf of the Owner, and who need not be an Owner, may cast the vote allocated to such Lot at meetings of the Association; provided, that if there are multiple Owners of a Lot, only the Owner or other Person designated pursuant to the provisions of the By-Laws may cast such vote. The voting rights of Owners are more fully described in Section 3 of the By-Laws.



## SECTION 4

### ADMINISTRATION

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

4.1 General. The operation and administration of the Association and the Common Areas shall be governed by the Governing Documents. The Association shall, subject to the rights of the Owners set forth in the Governing Documents, be responsible for the operation, management and control of the Common Areas. The Association shall have all powers described in the Governing Documents and the statute under which it is incorporated. All power and authority of the Association shall be vested in the Board, unless action or approval by the individual Owners is specifically required by the Governing Documents. All references to the Association shall mean the Association acting through the Board unless specifically stated to the contrary.

4.2 Operational Purposes. The Association shall operate and manage the Common Areas 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 and (ii) maintaining, repairing and replacing those portions of the Common Areas for which it is responsible.

4.3 Binding Effect of Actions. All agreements and determinations made by the Association in accordance with the powers and voting rights established by the Governing Documents shall be binding upon all Owners and Occupants, and their lessees, guests, heirs, personal representatives, successors and assigns, and all secured parties.

4.4 By-Laws. The Association shall have By-Laws. The By-Laws and any amendments thereto shall govern the operation and administration of the Association.

4.5 Rules and Regulations. The Board shall have exclusive authority to approve and implement such reasonable Rules and Regulations as it deems necessary from time to time for the purpose of operating and administering the affairs of the Association and regulating the use of the Common Areas; provided that the Rules and Regulations shall not be inconsistent with the Governing Documents. 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 Owners.

4.6 Association Assets: Surplus Funds. All funds and real or personal property acquired by the Association shall be held and used for the benefit of the Owners 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.



## SECTION 5

### ASSESSMENTS FOR COMMON EXPENSES

5.1 General. Assessments for Common Expenses shall be determined and assessed against the Lots by the Board, in its reasonable discretion; subject to the limitations set forth in Sections 5.2 and 5.3, and the requirements of the By-Laws. Assessments for Common Expenses shall include annual assessments and may include special assessments. Assessments shall be allocated among the Lots according to the Common Expense allocations set forth in Section 3.2., subject to the following qualifications:

- a. Reasonable attorneys fees and other costs if incurred by the Association in connection with (i) the collection of assessments and (ii) the enforcement of the Governing Documents, or the Rules and Regulations, against an Owner or Occupant or their guests, may be assessed against the Owner's Lot.
- b. Fees, charges, late charges, fines and interest may be assessed in the reasonable discretion of the Association.
- c. If any damage to the Common Areas is caused by the act or omission of any Owner or Occupant, or their guests, the Association may assess the costs of repairing the damage exclusively against the Owner's Lot to the extent not covered by insurance.
- d. If any installment of an assessment becomes more than 30 days past due, then the Association may, upon 10 days written notice to the Owner, declare the entire amount of the assessment immediately due and payable in full.
- e. Assessments under Subsections 5.1 shall not be considered special assessments as described in Section 5.3.

5.2 Annual Assessments. Annual assessments shall be established and levied by the Board, subject only to the limitations set forth in Sections 5.2 and 5.3. Each annual assessment shall cover all of the anticipated Common Expenses of the Association for that year. Annual assessments shall provide, among other things, for contributions to a separate reserve fund sufficient to cover the periodic cost of maintenance, repair and replacement of the Common Areas.

- a. Until a Common Expense assessment is levied, Declarant shall pay all accrued expenses for the Common Area.
- b. After a Common Expense assessment is levied, the annual assessment may be subsequently increased by the Board subject to Section 5.2.c.

5.3 Special Assessments. In addition to annual assessments, and subject to the limitations set forth hereafter, the Board may levy in any assessment year a special assessment

against all Lots for the purpose of defraying in whole or in part (i) the cost of any foreseen or unbudgeted Common Expense, (ii) general or specific reserves for maintenance, repair or replacement, and (iii) the maintenance, repair or replacement of any part of the Common Areas, and any fixtures or other property related thereto. Notwithstanding the foregoing, any special assessment shall be subject to approval by the vote of a majority of those Owners voting, in person or by proxy, at a meeting called for that purpose. Written notice of the meeting shall be sent to all Owners not less than 21 days nor more than 30 days in advance of the meeting.

5.4 Liability of Owners for Assessments. The obligation of an Owner to pay assessments shall commence at the time at which the Owner becomes the owner of the Lot. The Owner at the time an assessment is payable with respect to the Lot shall be personally liable for the share of the Common Expenses assessed against such Lot. Such liability shall be joint and several where there are multiple Owners of the Lot. The liability is absolute and unconditional. No Owner is exempt from liability for payment of his or her share of Common Expenses by right of set-off, by waiver of use or enjoyment of any part of the Common Areas, by absence from or abandonment of the Lot, by the waiver of any other rights, or by reason of any claim against the Association or its officers, directors or agents, or for their failure to fulfill any duties under the Governing Documents. The Association may invoke the charges, sanctions and remedies set forth in Section 9, in addition to any remedies provided elsewhere in the Governing Documents or by law, for the purpose of enforcing its rights hereunder.

5.5 Assessment Lien. The Association has a lien on a Lot for any assessment levied against the Lot 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 Association, and are enforceable as assessments, under this Section. Recording of the Declaration constitutes record notice and perfection of any lien under this Section, and no further recordation of any notice of or claim for the lien is required.

5.6 Foreclosure of Lien; Remedies. A lien for Common Expenses may be foreclosed against a Lot under the laws of the State of Minnesota (i) by action, or (ii) by advertisement as a lien under a mortgage containing a power of sale. The Association, or its authorized representative, shall have the power to bid in at the foreclosure sale and to acquire, hold, lease, mortgage and convey any Lot so acquired. The Owner and any other Person claiming an interest in the Lot, by the acceptance or assertion of any interest in the Lot, grants to the Association a power of sale and full authority to accomplish the foreclosure. The Association shall, in addition, have the right to pursue any other remedy at law or in equity against the Owner who fails to pay any assessment or charge against the Lot.

5.7 Lien Priority; Foreclosure. A lien under this Section is prior to all other liens and encumbrances on a Lot except (i) liens and encumbrances recorded before the Declaration, (ii) any first mortgage on the Lot, and (iii) liens for real estate taxes and other governmental assessments or charges against the Lot. Notwithstanding the foregoing, if a first mortgage on a Lot is foreclosed, the first mortgage was recorded on or after June 1, 1994, and no Owner redeems during the Owner's period of redemption provided by Chapters 580, 581, or 582, then the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage shall take title to the Lot subject to unpaid assessments for Common Expenses levied pursuant to this

Declaration which became due, without acceleration, during the six months immediately preceding the first day following the end of the Owner's period of redemption.

5.8 Voluntary Conveyances; Statement of Assessments. In a voluntary conveyance of a Lot the buyer shall not be personally liable for any unpaid assessments and other charges made by the Association against the seller or the seller's Lot prior to the time of conveyance to the buyer, unless expressly assumed by the buyer. However, the lien of such assessments shall remain against the Lot until satisfied. Any seller or buyer shall be entitled to a statement, in recordable form, from the Association setting forth the amount of the unpaid assessments against the Lot, including all assessments payable in the Association's current fiscal year, which statement shall be binding on the Association, seller and buyer.

5.9 Damage Caused by Owner. Notwithstanding any provision to the contrary in this Section, if, in the judgment of the Association, the need for maintenance of any part of the Common Areas is caused by the willful or negligent act or omission of an Owner or Occupant, or their guests, the Association may cause such damage or condition to be repaired or corrected and the cost thereof may be assessed against the Lot of the Owner responsible for the damage.

## SECTION 6

### INSURANCE

6.1 Required Coverage. The Association shall obtain and maintain, at a minimum, a policy or policies of insurance in accordance with the insurance requirements set forth in this Section and the additional requirements set forth herein, issued by a reputable insurance company or companies authorized to do business in the State of Minnesota, as follows:

a. Comprehensive public liability insurance covering the use, operation and maintenance of the Common Areas, with minimum limits of \$1,000,000 per occurrence, against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for common roadways. The policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of negligent acts of the Association or other Owners or Occupants.

b. Such other insurance as the Board may determine from time to time to be in the best interests of the Association and the Owners.

6.2 Loss Payee; Insurance Trustee. All insurance coverage maintained by the Association shall be written in the name of, and the proceeds thereof shall be payable to, the Association (or a qualified insurance trustee selected by it) as trustee for the benefit of the Owners and secured parties, including Mortgagees, which suffer loss. The Association, 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 Association.

6.3 Waivers of Subrogation. All policies of insurance shall contain waivers of subrogation by the insurer against the Association, or an Owner, members of the Owner's



household, officers or directors, as applicable, and, if available, waivers of any defense based on co-insurance or of invalidity from any acts of the insured.

6.4 Cancellation; Notice of Loss. All policies of comprehensive liability insurance maintained by the Association shall provide that the policies shall not be canceled or substantially modified, for any reason, without at least 30 days prior written notice to the Association, all of the insured and all Eligible Mortgagees of whom the insurer has notice.

6.5 No Contribution. All policies of insurance maintained by the Association shall be the primary insurance where there is other insurance in the name of the Owner covering the same property, and may not be brought into contribution with any insurance purchased by Owners or their Eligible Mortgagees.

6.6 Effect of Acts Not Within Association's Control. All policies of insurance maintained by the Association shall provide that the coverage shall not be voided by or conditioned upon (i) any act or omission of an Owner or Mortgagee, unless acting within the scope of authority on behalf of the Association, or (ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Common Areas over which the Association has no control.

## SECTION 7

### CONDEMNATION AND EMINENT DOMAIN

7.1 Notice. All Eligible Mortgagees shall be entitled to receive notice of any condemnation proceedings or substantial destruction of the Common Areas, and the Association shall give written notice thereof to an Eligible Mortgagee pursuant to Section 11.4.

7.2 Easements. The Common Areas shall be subject to non-exclusive, appurtenant easements for access purposes which exist from time to time, as constructed or as otherwise described in this Declaration.

7.3 Continuation and Scope of Easements. Notwithstanding anything in this Declaration to the contrary, in no event shall an Owner or Occupant be denied reasonable access to his or her Lot.

## SECTION 8

### MAINTENANCE

8.1 Maintenance by Association. The Association shall provide for all maintenance, repair or replacement (collectively referred to as "maintenance") of the Common Areas.

8.2 Damage Caused by Owner. Notwithstanding any provision to the contrary in the Section, if, in the judgment of the Association, the need for maintenance of any part of the Common Areas is caused by the willful or negligent act or omission of an Owner or Occupant, or

their guests, the Association may cause such damage or condition to be repaired or corrected and the cost thereof may be assessed against the Lot of the Owner responsible for the damage.

## SECTION 9

### COMPLIANCE AND REMEDIES

Each Owner and Occupant, and any other Person owning or acquiring any interest in a Lot shall be governed by and comply with the provisions of the Governing Documents, the Rules and Regulations, the decisions of the Association, and such amendments thereto as may be made from time to time. A failure to comply shall entitle the Association to the relief set forth in this Section, in addition to the rights and remedies authorized elsewhere by the Governing Documents.

9.1 Entitlement to Relief. The Association 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 or available at law or in equity. Legal relief may be sought by the Association against any Owner, or by an Owner against the Association or another Owner, to enforce compliance with the Governing Documents, the Rules and Regulations or the decisions of the Association. However, no Owner may withhold any assessments payable to the Association, or take (or omit) other action in violation of the Governing Documents, the Rules and Regulations, as a measure to enforce such Owner's position, or for any other reason.

9.2 Sanctions and Remedies. In addition to any other remedies or sanctions, expressed or implied, administrative or legal, the Association shall have the right, but not the obligation, to implement any one or more of the following actions against Owners and Occupants and/or their guests, who violate the provisions of the Governing Documents, the Rules and Regulations.

- a. Commence legal action for damages or equitable relief in any court of competent jurisdiction.
- b. Impose late charges of up to 15% of each late payment of an assessment or installment thereof.
- c. In the event of default of more than 30 days in the payment of any assessment or installment thereof, all remaining installments of assessments assessed against the Lot owned by the defaulting Owner may be accelerated and shall then be payable in full if all delinquent assessments, together with all costs of collection and late charges, are not paid in full prior to the effective date of the acceleration. Reasonable advance written notice of the effective date of the acceleration shall be given to the defaulting Owner.

- d. Impose reasonable fines, penalties or charges for each violation of the Governing Documents or the Rules and Regulations of the Association.
- e. Restore any portions of the Common Areas damaged or altered, or allowed to be damaged or altered, by any Owner or Occupant or their guests in violation of the Governing Documents, and to assess the cost of such restoration against the responsible Owners and their Lots.
- f. Foreclose any lien arising under the provisions of the Governing Documents or under law, in the manner provided for the foreclosure or mortgages by action or under a power of sale where the Common Areas are located.

9.3 Lien for Charges, Penalties, Etc. Any assessments, charges, fines, penalties or interest imposed under this Section shall be a lien against the Lot of the Owner or Occupant against whom the same are imposed and the personal obligation of such Owner in the same manner and with the same priority and effect as assessments under Section 5. 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 held until the Board 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 right to pursue any others.

9.4 Costs of Proceeding and Attorneys Fees. With respect to any collection measures, or any measures or action, legal, administrative, or otherwise, which the Association takes to enforce the provisions of the Governing Documents or Rules and Regulations, whether or not finally determined by a court or arbitrator, the Association may assess the violator and his or her Lot with any expenses incurred in connection with such enforcement, including without limitation fines or charges previously imposed by the Association, reasonable attorneys fees, and interest (at the highest rate allowed by law) on the delinquent amounts owed to the Association.

9.5 Liability for Owner's and Occupants' Acts. An Owner shall be liable for the expense of any maintenance, repair or replacement of the Common Areas rendered necessary by such Owner's acts or omissions, or by that of occupants or guests in the Owner's Lot, to the extent that such expense is not covered by the proceeds of insurance carried by the Association or such Owner or Occupant. However, any insurance deductible amount and/or increase in insurance rates, resulting from the Owner's acts or omissions may be assessed against the Owner responsible for the condition and against his or her Lot.

9.6 Enforcement by Owners. The provisions of this Section shall not limit or impair the independent rights of other Owners to enforce the provisions of the Governing Documents, the Rules and Regulations as provided therein.

## SECTION 10

### AMENDMENTS

This Declaration may be amended by the consent of (i) Owners of Lots to which are allocated at least sixty-seven percent (67%) of the votes in the Association, (ii) the percentage of Eligible Mortgagees (based upon one vote per first mortgage owned) required by Section 11 as to matters prescribed by said Section. Consent of the Owners may be obtained in writing or at a meeting of the Association duly held in accordance with the By-Laws. Consents of Eligible Mortgagees and the Declarant shall be in writing. An affidavit by the Secretary of the Association as to the outcome of the vote, or the execution of the foregoing agreements or consents, shall be adequate evidence thereof for all purposes, including without limitation, the recording of the amendment.

## SECTION 11

### RIGHTS OF ELIGIBLE MORTGAGEES

Notwithstanding anything to the contrary in the Governing Documents, Eligible Mortgagees shall have the following rights and protections:

11.1 Consent to Certain Amendments. The written consent of Eligible Mortgagees representing at least fifty-one percent (51%) of the Lots that are subject to first mortgages held by Eligible Mortgagees (based upon one vote per first mortgage owned) shall be required for any amendment to the Governing Documents which causes any change in the following: (i) voting rights; (ii) assessments, assessment liens, or priority of assessment liens; (iii) reserves for maintenance, repair and replacement of Common Areas; (iv) reallocation of interests in the Common Areas, or rights to their use; (v) any provisions that expressly benefit Eligible Mortgagees, or insurers or guarantors of mortgages.

11.2 Consent to Certain Actions. The written consent of Eligible Mortgagees representing at least sixty-seven percent (67%) of the Lots which are subject to first mortgages held by Eligible Mortgagees (based upon one vote per first mortgage owned) shall be required to (i) change the allocations of voting rights, Common Expense obligations or interest in the Common Areas; or (ii) abandon, partition, subdivide, encumber or sell the Common Areas.

11.3 Priority of Lien. Any holder of a first mortgage on a Lot or any purchaser of a first mortgage at a foreclosure sale, that comes into possession of a Lot by foreclosure of the first mortgage or by deed or assignment in lieu of foreclosure, takes the Lot free of any claims for unpaid assessments or any other charges or liens imposed against the Lot by the Association which have accrued against such Lot prior to the acquisition of possession of the Lot by said first mortgage holder or purchaser; except that any unreimbursed assessments or charges may be reallocated among all Lots in accordance with their interests in the Common Areas.

11.4 Priority for Condemnation Awards. No provision of the Governing Documents shall give an Owner, or any other party, priority over any rights of the Eligible Mortgagee of the Lot pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds or

condemnation awards for losses to or a taking of the Common Areas. The Association shall give written notice to all Eligible Mortgagees of any condemnation or eminent domain proceeding affecting the property promptly upon receipt of notice from the condemning authority.

11.5 Access to Books and Records/Audit. Eligible Mortgagees shall have the right to examine the books and records of the Association upon reasonable notice during normal business hours, and to receive free of charge, upon written request, copies of the Association's annual reports and other financial statements. Financial statements, including those which are audited, shall be available within one hundred twenty (120) days of the end of the Association's fiscal year.

11.6 Notice Requirements. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor of a mortgage on a Lot, and the Lot number or address, the holder, insurer or guarantor shall be entitled to timely written notice of:

- a. A condemnation loss or any casualty loss which affects a material portion of the Common Areas;
- b. A 60 day delinquency in the payment of assessments or charges owed by the Owner of a Lot on which it holds a mortgage;
- c. A lapse, cancellation or material modification of any insurance policy maintained by the Association; and
- d. A proposed action which requires the consent of a specific percentage of Eligible Mortgagees.

## SECTION 12

### MISCELLANEOUS

12.1 Severability. If any term, covenant, or provision of this instrument 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 this instrument or exhibits.

12.2 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.

12.3 Notices. Unless specifically provided otherwise in the Governing Documents, 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 2.2 of the By-Laws shall be effective upon receipt by the Association.

12.4 Conflicts Among Documents. In the event of any conflict among the provisions of this Declaration, By-Laws and Rules and Regulations, the Declaration shall control, and as between the By-Laws and the Rules and Regulations, the By-Laws shall control.

IN WITNESS WHEREOF the undersigned has executed this instrument the day and year first set forth in accordance with the requirements of the Act.

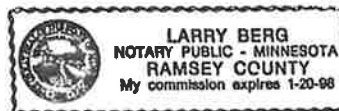
Orono Limited Partnership

by

President of Minnesota Corporation  
a Minnesota Corporation, a general partner of  
Orono Limited Partnership

STATE OF MINNESOTA )  
COUNTY OF Hennepin ) ss.

The foregoing instrument was acknowledged before me this 17th day of October, 1994, by Larry H. Berg, the President of Minnesota Corporation, a Minnesota Corporation, a General Partner of Orono Limited Partnership, a Limited Partnership under the laws of Minnesota, on behalf of the Limited Partnership.



Larry Berg  
Notary Public

This instrument was drafted by:

Jayne Kuhar

SAHR, KUNERT & TAMBORNINO

Attorneys at Law

1800 Soo Line Building

105 South Fifth Street

Minneapolis, MN 55402

(612) 333-3225

assoc.doc.

1794- AND PRIOR TAXES PAID  
TAXPAYER SERVICES  
TRANSFER ENTERED

OCT 21 1994

Hennerin  
HENNERIN COUNTY MINN.  
DEPUTY

**EXHIBIT A**

**Lots 1 -10 inclusive, Block 4, Old Crystal Bay Road Addition**

**Lots 1 - 4 inclusive, Block 4, Old Crystal Bay Road Second Addition**

**Lots 1, and 4 - 6 inclusive, Block 3, Old Crystal Bay Road Second Addition**

according to the recorded plats thereof, Hennepin County, Minnesota.

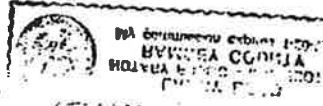
For Purposes of this Declaration, Outlot A, Old Crystal Bay Road Second Addition shall be considered to be a part of Lot 7, Block 4, Old Crystal Bay Road Addition and Outlot D, Old Crystal Bay Road Addition shall be considered to be a part of Lot 6, Block 4, Old Crystal Bay Road Addition.

SEE PAGE 1  
NOTE: SECTION 1.4

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OFFICE OF THE REGISTRAR  
OF TITLES  
HENNEPIN COUNTY, MINNESOTA  
CERTIFIED FILED ON

OCT 24 1994

*R. D. Carlson*  
REGISTRAR OF TITLES  
BY *E. J. [Signature]* DEPUTY



L-32/

## ARTICLES OF INCORPORATION

OF

## OLD CRYSTAL BAY ROAD ASSOCIATION, INC.

Rec'd  
10/10/1996

3438

The undersigned, being of full legal age, for the purpose of forming a corporation under and pursuant to Minnesota Statutes Chapter 317A and the laws amendatory thereof and supplementary thereto, does hereby adopt the following Articles of Incorporation:

## ARTICLE I.

The name of this corporation shall be OLD CRYSTAL BAY ROAD ASSOCIATION, INC. ✱

## ARTICLE II.

The purpose of this corporation is to own, administer and maintain common area property for the benefit of Owners of selected lots as contained in the plats of Old Crystal Bay Road Addition and Old Crystal Bay Road Second Addition, Hennepin County, Minnesota.

## ARTICLE III.

The registered office of this corporation will be 14180 West 78th Street, Suite 102, Eden Prairie, Minnesota 55344.

## ARTICLE IV.

The duration of the corporation shall be perpetual.

## ARTICLE V.

The corporation shall not have capital stock.

## ARTICLE VI.

This corporation shall not afford pecuniary gain, incidentally or otherwise, to its members.

## ARTICLE VII.

The business of the corporation shall be managed by a Board of Directors. The name and post office address of the directors of the corporation at the time of adoption of these Articles of Incorporation is as follows:



# OLD CRYSTAL BAY ROAD ASSOCIATION, INC.

## BY-LAWS

### SECTION 1

#### GENERAL

The following are the By-Laws of Old Crystal Bay Road Association, Inc., a Minnesota nonprofit corporation (the "Association"). The Association is organized pursuant to Section 317A of Minnesota Statutes for the purpose of owning, administering and maintaining Old Crystal Bay Road Association, Inc. common property. The terms used in these By-Laws shall have the same meaning as they have in the Declaration of Old Crystal Bay Road Association (the "Declaration") called Road Outlot Declaration.

### SECTION 2

#### MEMBERSHIP

2.1 Owners Defined. All Persons described as Owners in Section 3 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.

2.2 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.

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

## SECTION 3

## VOTING

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

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

3.3 Voting by Proxy. An Owner may cast the vote which is allocated to the Owner's 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 events: (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.

3.4 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.

a. 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.

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

c. 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.

d. Approval by written ballot under this Section is valid only if the number of votes cast by ballot equals or excess 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 as a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

3.5 Vote Required. A majority of the votes cast at any properly constituted meeting of the Owners, or cast by mail in accordance with Section 3.4, shall decide all matters properly brought before the Owners, except where a different vote is specifically required by the Governing Documents. The term "majority" as used herein shall mean in excess of 50% of the votes cast at a meeting, in person or by proxy, or voting by mail, in accordance with the allocation of voting power set forth in the Declaration. Cumulative voting shall not be permitted.

## SECTION 4

### MEETINGS OF OWNERS

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

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

4.3 Special Meetings. Special meetings of the Owners may be called by the President as a matter of discretion. Special meetings of the Owners shall be called by the President or Secretary within 30 days following receipt of the written request of a majority of the members of the Board of Directors or of Owners entitled to cast at least 25% of all the votes in the Association. The meeting shall be held within 90 days following receipt of the request. The request shall state the purpose of the meeting, and the business transacted at the special meeting shall be confined to the purposes stated in the notice. The purpose for which the meeting is requested and held must be lawful and consistent with the Association's purposes and authority under the Governing Documents.

4.4 Notice of Meetings. At least 21, but no more than 30 days in advance of any annual meeting of the Owners, and at least 7, but no more than 30 days in advance of any special meeting of the Owners, the Secretary shall send, to all persons who are Owners as of the date of sending the notice, notice of the time, place and agenda of the meeting, by United States mail, or by hand delivery, at the Owner's Lot address or to such other address as the Owner may have designated in writing to the Secretary. The notice shall also be sent to the Eligible Mortgagee, upon request, at the address provided by the Eligible Mortgagee. Any Eligible Mortgagee shall, upon request, be entitled to designate



a representative to be present at any meeting. Notice of meetings to vote upon amendments to the Articles of Incorporation shall also be given separately to each officer and director of the Association.

4.5 Quorum/Adjournment. The presence of Owners in person or by proxy, who have the authority to cast in excess of fifty percent (50%) of all the votes in the Association shall be necessary to constitute a quorum at all meetings of the Owners for the transaction of any business, except that of adjourning the meeting to reconvene at a subsequent time. Any meeting may be adjourned from time to time, but until no longer than 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.

4.6 Voting Register. The Secretary shall have available at the meeting a list of the named 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.

4.7 Agenda. The agenda for meeting 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.

## SECTION 5

### 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 annual meeting. The report shall contain at a minimum:

- a. A statement of any capital expenditures in excess of two percent of the current budget or \$2,000.00, whichever is greater, approved by the Association for the current year or succeeding two fiscal years.
- b. 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.
- c. A copy of the statement of revenues and expenses for the Association's preceeding fiscal year, and a balance sheet as of the end of said fiscal year.
- d. A statement of the status of any pending litigation or judgments to which the Association is a party.
- e. A statement of the insurance coverage provided by the Association.

f. 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.

## SECTION 6

### BOARD OF DIRECTORS

6.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors. The first Board 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. 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.

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

a. The first terms of office of the directors elected by the Owners shall be two years for three of the directors and three years for two of the directors. The nominee or nominees receiving the greatest numbers of votes shall fill the longer terms. 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.

6.3 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.

6.4 Powers. The Board of Directors shall have all powers 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:

a. adopt, amend and revoke Rules and Regulations not inconsistent with the Governing Documents, as follows: (i) regulating the use of the Common Areas; (ii) regulating the conduct of Owners and Occupants, which may jeopardize the health,

safety, or welfare of other Owners and Occupants use of the Common Areas, or which may damage the Common Areas; (iii) regulating changes in the appearance of the Common Areas and conduct which may damage the Common Areas, (iv) implementing the Governing Documents, and exercising the powers granted by this Section; and (v) otherwise facilitating the operation of the Common Areas;

b. adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for Common Expenses from Owners;

c. hire and discharge managing agents and other employees, agents, and independent contractors;

d. institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Common Elements or the Association;

e. make contracts and incur liabilities;

f. regulate the use, maintenance, repair, replacement and modification of the Common Areas;

g. cause improvements to be made as a part of the Common Areas;

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

i. grant public utility easements through, over or under the Common Areas, 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 Areas;

j. 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;

k. impose reasonable charges for the review, preparation and recordation of amendments to the Declaration or By-Laws, statements of unpaid assessments, or furnishing copies of Association records;

l. provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

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



n. appoint, regulate and dissolve committees;

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

6.5 Meetings and Notices. An annual meeting of the Board of Directors shall be held promptly following each annual meeting of the Owners. At each annual meeting the officers of the Association shall be elected.

a. Regular meetings of the Board of Directors 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 members of the Board of Directors. A schedule, or any amended schedule of the regular meetings shall be provided to the directors.

b. Special meetings of the Board of Directors shall be held when called (i) by the President of the Association, or (ii) by the Secretary within ten (10) days following the written request of any two (2) directors. Notice of any special meeting shall be given to each director not less than three (3) days in advance thereof. Notice to a director shall be deemed to be given when deposited in the United States mail postage prepaid to the Lot address of such director, or when personally delivered, orally or in writing, by a representative of the Board of Directors.

c. Any director may at any time waive notice of any meeting of the Board of Directors orally, in writing, or by attendance at the meeting. If all the directors are present at a meeting of the Board of Directors, no notice shall be required, and any business may be transacted at such meeting.

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

6.7 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.

6.8 Vacancies. A vacancy in the Board of Directors shall be filled by a person elected within 15 days following the occurrence of the vacancy by a majority vote of the remaining directors, regardless of their number; except for vacancies created pursuant to Sections 6.2 and 6.9 of this Section. Each person so elected shall serve out the term vacated.

6.9 Removal. 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 Owner 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.

6.10 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, the directors of the Association shall receive no compensation for their services in such capacity. A director, or 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.

## SECTION 7

### OFFICERS

7.1 Principal Officers. The principal officers of the Association shall be a President, a Vice President, a Secretary and Treasurer, all of them shall be elected by the Board of Directors. The Board of Directors may from time to time elect such other officers and designate their duties as in their judgment may be necessary to manage the affairs of the Association. A person may hold more than one office simultaneously, except those of President and Vice President. Only the President and Vice President must be members of the Board of Directors.

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

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

7.4 President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Board 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.

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

7.6 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 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.

7.7 Treasurer. The Treasurer shall have responsibility for all financial assets of the Association, and shall be covered by a bond or insurance in such sum and with such companies as the Board 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 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.

7.8 Compensation. Except as authorized by a vote of the Owners at a meeting thereof, officers of the Association shall receive no compensation for their services in such capacity. An officer, or 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.

## SECTION 8

### OPERATION OF THE PROPERTY

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 Areas that must be maintained, repaired or replaced by the Association on a periodic basis.

a. 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 5 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.

b. If an annual assessment provides to be insufficient, the budget and assessments thereof or may be amended, or a special assessment levied, by the Board of Directors at any time subject to the limitations set forth in Section 5 of the Declaration. The levy shall be deemed to occur upon the date specified in the resolution which fixes the assessment.

c. 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 to 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 for each such unpaid assessment or installment thereof, together with all expenses, including reasonable attorneys' fee, incurred by the Board in collecting any such unpaid assessment.

a. 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 be come 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.

b. The Board of Directors shall have the right and duty to attempt to recover all assessments for Common Expenses, together with any charges, attorneys fees or expenses relating to the collection thereof.

c. 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.

d. The rights and remedies referred to herein shall in no way limit the remedies available to the Association under the Declaration or by law.

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.

## SECTION 9

### AMENDMENTS

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

9.1 Approval. The amendment must be approved by 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



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

9.3 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.

## SECTION 10

### INDEMNIFICATION

The Association shall, to the extent the alleged liability is not covered by insurance, indemnify every individual acting in any official capacity on behalf of the Association.

## SECTION 11

### MISCELLANEOUS

11.1 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 2.2 shall be effective upon receipt by the Association.

11.2 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.

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

11.4 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 unless it permits the documents to control. As between the By-Laws and the Rules and Regulations, the By-Laws shall control.

11.5 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.

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

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

The undersigned hereby executes these By-Laws and certifies that they were adopted by Old Crystal Bay Road Association, Inc., a nonprofit corporation incorporated under the laws of the State of Minnesota, effective as of the date hereof.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Secretary